

WOLSELEY HUGHES From Falkirk to Florida we're growing from strength to strength

Teachers' pay offer improved

A settlement of the teachers' dispute in England and Wales is in sight after the employers improved their phased pay offer to 8.5 per cent...

Rebel hold on Kampala

Uganda's National Resistance Army guerrillas were holding positions in the capital, Kampala, as the military government appeared on the brink of collapse...

Nigerian Cabinet shuffle

Nigeria's Oil Minister Tam David-West and Finance Minister Kalu Kahu were given alternative posts in a Cabinet shuffle...

Aden leader 'replaced'

Aden radio said South Yemen's President Ali Nasser Mohamed had been dismissed and Haider Abubakar-al-Attas, the Prime Minister, made interim head of state...

US exercise off Libya

The US ordered naval exercises off the coast of Libya, stepping up its war of nerves with Colonel Muammar Gaddafi...

Black miners sacked

Rondfontein Estates gold mine, South Africa, dismissed hundreds of black miners following Tuesday's clash between workers and police...

Tribal toll reaches 42

The death toll from clashes between Zulu and Pondo tribesmen near Durban, South Africa, rose to 42...

Sikh murder inquiry

Police are investigating a possible terror campaign against moderate Sikhs after Tarseen Singh Toor was shot dead in Southall, west London, on Thursday night...

Libyan can stay

Home Secretary Douglas Hurd said there was no justification for deportation proceedings against Libyan Ben Rabha who was expelled from the UK after the murder of WPC Yvonne Fletcher and then re-admitted...

Airport victim dies

Austrian Elisabeth Krieger, 26, died of wounds received in a Palestinian attack at Vienna airport on December 27, when three people, including a terrorist, were killed...

Tamilis 'to free Britain'

Tamil separatists said they would free Britain Penelope Willis, seized on Monday, although they were satisfied she was an intelligence agent...

Toivonen wins rally

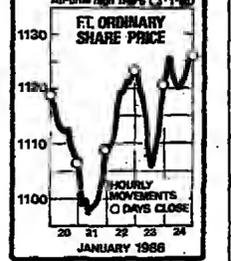
Henri Toivonen of Finland, in a Lancia, won the 54th Monte Carlo rally ahead of compatriot Timu Salonen (Peugeot)...

Argyll may take legal action on bid

ARGYLL GROUP, which is facing a rival bid from Guinness for the Distillers drinks group, said it was considering legal action to stop Distillers' shareholders from having to pay Guinness's underwriting costs...

SHARE and bond prices continued their previous day's recovery

But trade in international stocks was inhibited by currency influences while overall investment incentive was restrained by political distractions...



PEPSICO, second largest US soft drinks group, is buying rival Seven-Up for \$380m

(£272.4m) from Philip Morris, US tobacco company. Page 9

GENERAL MOTORS, makers of Vauxhall and Opel vehicles, has made a strong start to the year, capturing 19.7 per cent of the car market in the first 20 days

of the year. Page 4

ROYAL ORDNANCE is expected next week to announce loss of about 700 jobs at munitions factories at Birtley, near Gateshead, and Chorley, Lancs

Page 4

WESTLAND: Institutional investors expressed disquiet at the high premium prices paid by Sikorsky in acquiring 6.7 per cent in the helicopter company on Wednesday

Page 4

HOME COMPUTER market will grow by 18 per cent to £483m this year, according to stockbrokers Wood Mackenzie

Page 4

LUCAS ELECTRICAL, loss-making motor components company, announced plans to cut 340 jobs at its Mere Green factory, Birmingham

Page 4

ARGENTINE business activity was paralysed by a 24-hour general strike led by the main trade union organisation, the General Confederation of Labour

Page 2

SWITZERLAND'S gross domestic product is expected to grow 2.1 per cent this year after a 3.1 per cent increase last year, according to the Organisation for Economic Co-operation and Development

Page 2

LEX SERVICE, automotive and electronic components distributor, is selling Lex Wilkinson, its parcels distribution business, to Federal Express, of the US

Page 8

JADELLE, a company formed by a group of investment trusts to mount a bid for Macarthy's, a London-based, increased its cash offer, valuing the company at £38.6m

Page 8

Brittan resigns over leak

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

MR LEON BRITAN, Trade and Industry Secretary, resigned yesterday in response to strong pressure from Tory backbenchers. His resignation came a little over 2 hours after the Prime Minister's disclosure in a Commons statement on Thursday of his role in the leaking of confidential information on January 6, during the Westland crisis...

COUNTDOWN TO RESIGNATION

Oct 4 and 17: Brittan expresses interest in possibility of European minority stake in Westland. November 23: Increasing tension with Heseltine. Dec 4 and 5: ministerial discussions lead to clash with Heseltine over European offer. Brittan favours leaving decision to company which wants Sikorsky/Fiat deal. Dec 9: Europeans given four-day deadline to firm plans. Dec 16: Brittan tells Commons European national armaments directors support for European option has lapsed. Heseltine openly dissenting. Dec 18: Cabinet agreement not to take sides and to lower political temperature. Brittan broadcast angers Heseltine. Dec 22: Downing Street unsuccessfully tries to prevent Brittan and Heseltine from broadcasting. Dec 31 and Jan 1-2: Wrangling over draft of Prime Minister's letter to Westland. Jan 5: Brittan discusses reply to Heseltine's letter of Jan 3 to European consortium with Sir Patrick Mayhew, Solicitor-General, and Westland. Jan 6: Brittan and Downing Street officials selectively leak Mayhew letter. Jan 8: Brittan warns Sir Raymond Lygo of RAE of danger to company's US interests from European consortium's campaign. Jan 9: Heseltine resigns, criticising Brittan for one-sidedness. Jan 13: Brittan's Commons statement followed by late-night apology for misleading the House. Jan 14: Pressure on Brittan to resign. Jan 15: Brittan fights back in Commons debate. Jan 17: Lygo admits misunderstanding at meeting with Brittan. Jan 19: Brittan counter-attacks against Heseltine. Jan 22: Resignation pressure grows, over inquiry into leak of Mayhew letter. Jan 23: Thatcher admits Brittan acted with Downing Street to authorise disclosure of letter. Renewed calls by backbench Tories for resignation.

Remaking of Cabinet expected over weekend

BY PETER RIDDELL, POLITICAL EDITOR

MRS THATCHER faces a difficult decision in re-making her Cabinet and maintaining its balance after the second resignation of a leading figure in little more than a fortnight. A successor to Mr Leon Brittan, the Trade and Industry Secretary, and possibly consequent changes, are expected to be named during the weekend. The front-runners for Trade and Industry are Mr Nicholas Ridley, the Transport Secretary, Mr Norman Fowler, the Social Services Secretary, and Mr John Wakeham, the Chief Whip. Each would be regarded as sufficiently strong and experienced for the job and would be seen as maintaining the recent economic and industrial strategy. The Prime Minister has always ensured that the main economic departments are headed by her sympathisers and allies against the opposition. But Mr Ridley and Mr Fowler have just completed big decisions on the Channel fixed link and the social security reviews respectively, and also weighty legislation ahead of them. However, this could be left to deputies or successors. Mrs Thatcher might also prefer to leave Mr Wakeham where he is, given the delicate problems the Chief Whip faces in calming Tory MPs in the crisis. One surprise might be the return of Mr Cecil Parkinson, a former Trade and Industry Secretary, which the Prime Minister considered last September, when Mr Norman Tebbit left the department to become Conservative Party chairman. But Mrs Thatcher was strongly advised against this in view of the controversy over Mr Parkinson and his relationship with his former secretary, Miss Sarah Keys. MPs have commented on Mr Parkinson's frequent attendances at Westminster this week. Another influence on the decision is likely to be advanced by Lord Whitlaw, Leader of the Lords, and by Mr Wakeham — will be the need to broaden the composition of the Cabinet so as to heal divisions in the party, as well as to promote a minister good at communicating with the public. If Mr Fowler were moved, his successor might be Mr Tony Newton, Minister of State in the department, in view of the need to preserve continuity during the complicated passage of legislation on social security, due to start in the Commons next week. Other possible figures in any reshuffle are Mr John Moore, Financial Secretary to the Treasury and already tipped as the next likely entrant to the Cabinet, besides Mr Geoffrey Pattie (responsible for industry and information technology) and Mr Paul Chammon (trade), both trade and industry ministers. If Mr Wakeham were promoted his successor as chief whip might be Mr John Cope, his highly respected deputy, or Mr Peter Morrison, a Minister of State for Industry and a close ally of the Prime Minister.

Uncertainty checks pound's recovery

BY GEORGE GRAHAM AND PHILIP STEPHENS

A RECOVERY in the pound's value was checked yesterday afternoon as reports reached foreign exchange dealers of Mr Leon Brittan's resignation. The Bank of England continued to resist pressure for higher interest rates, signalling its determination to hold present levels by refusing to increase the rate of Treasury bills, at its weekly tender sale. The official view was that the sharp fall in oil prices over the past few weeks made some fall in sterling's value inevitable and that it would have been impossible to resist with higher interest rates. After opening strongly, sterling fell back in the afternoon. It dropped to 74.3 on the Bank of England's trade-weighted index, the same value as the previous day's close but 0.5 points below its value in the morning. Officials acknowledge that the markets are likely to remain nervous over the next few weeks until the outlook for oil prices becomes clearer. The Treasury insists that it would still act if any further pressure on the pound jeopardised its inflation target. Earlier, the dollar fell sharply to below ¥200 in Tokyo after the Japanese Finance Minister indicated that he would find an exchange rate of ¥190 acceptable. Other currencies also gained against the dollar and firmer oil prices helped the pound. Brent oil for February recovered to \$18.50 a barrel. Foreign exchange dealers said, however, that the pound would have been even stronger in the morning without the political uncertainty caused by the Westland affair. The pound's early strength helped to ease the pressure for higher UK interest rates, with money market rates falling back from their earlier levels and government securities recovering strongly. Interest rates for money on one-month deposit stayed below 13 per cent for much of the day and three months at 12.5 per cent. Continued on Back Page. Sheikh Yamani turns the screw and Tax cut hopes evaporate, Page 7.

Murdoch group unions call strike 'with immediate effect'

BY JOHN LLOYD AND HELEN HAGUE

UNIONS at News International's four titles, The Sun, The Times, News of the World and The Sunday Times, said last night they would strike with immediate effect in protest against plans by Mr Rupert Murdoch to cut 4,000 of the group's 6,000 jobs and produce papers from his new Wapping plant in east London without agreement with the main print unions. Ms Brenda Dean, general secretary of the print union Sogat '82 said after a meeting of fathers of the chapels (office branch officials) at News International: 'We still hope Mr Murdoch will reflect on his position and come back to the negotiating table.' The strike decision came as Express Newspapers announced that it would meet union officials next week to present plans to cut its 6,148 workforce by a third. The cuts will affect all departments in its three titles, the Daily and Sunday Express and the Daily Star. The group said it would seek 'new agreements incorporating considerable changes in existing practices.' Both sides in the News International dispute are moving swiftly to put their plans into place for the coming conflict. Ms Dean earlier told her branch officials nationally to black all News International newspapers as soon as the strike took effect. Sogat '82 members effectively control the print and mail newspaper distribution. However, Mr Alan Jones, general manager of TNT, the transport company contracted to News International to handle the Wapping output, said yesterday that his fleet would lift all papers produced at Wapping plant. It is understood that his drivers, all members of the Transport and General Workers' Union, have agreed to lift all papers from the plant, though there is considerable doubt as to how many will cross picket lines. Attention will now shift to the fortified Wapping plant from which Mr Murdoch and his managers have said they will ensure publication of at least restricted runs of the titles. Journalists at the Murdoch papers have been told that they will be expected to move to Wapping if asked and to work normally in producing editorial copy. This would breach the explicit instructions to the journalists from the Executive Union of Journalists' Executive not to go to Wapping. The union's News of the World chapel voted yesterday afternoon not to go to Wapping. The print unions have assured all other national newspaper managements that they will continue to print their titles normally, and will permit, indeed encourage increased print runs to take advantage of the loss of copies at News International. Journalists at the group's papers are split on their future stance. The Sun NUJ chapel has instructed its officials to negotiate on a move to Wapping, while Times Newspapers journalists have so far obeyed the NUJ line. The strike call came after a meeting of the five print unions, including the electricians' union, the EPTU, aimed at securing a common front against Mr Murdoch, ended in failure. Mr Eric Hammond, the EPTU general secretary, told his fellow union leaders that he was not prepared to give assurances that he would not negotiate a unilateral deal with Mr Murdoch for his members among the 500 staff already engaged at Wapping. A special meeting of the TUC General Council has been called for next Tuesday, at which the EPTU will be called on to defend its actions. Background, Page 5.

Dear Readers

Patrick Cockburn, FT correspondent in the USSR, sends subscribers greetings from Leningrad. Page XVI

WEEKEND FT

A DUKE GOES TO EUROPE



The Duke of Westminster orais a European Court judgment on UK legislation which has forced the Grosvenor Estate to sell around 10 per cent of its London freholds. Page I

FINANCE

NEW JOBS FOR DL? A new job offer, however attractive the salary offered, is a matter of weighing the cons as well as the pros. Page VI

DIVERSIONS



These are expressions of male personality as well as style. Lucia van der Post reports. Page XIII

DEAR READERS

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MARKETS table with columns for DOLLAR, STERLING, LONDON MONEY, STOCK INDICES, and GOLD. Includes exchange rates and market data for various currencies and indices.

CONTENTS table listing various articles and their page numbers, including 'The Brittan resignation', 'Tax cuts: the hopes are evaporating', 'Oil: Yamani turns the screw', and 'Man in the news: Mr Poul Schluter'.

Oppenheimer The No.1 Unit Trust advertisement. Text: 'The Oppenheimer European Growth Trust was the top performing of all 716 authorised unit trusts in 1985, increasing by 73% which was over 10% ahead of the second best.* A year ago you advertised Europe as The Investment Opportunity for 1985? Had you invested £1,000 in our European Growth Trust on the 1st January, 1985 it would have been worth £1,730 on the 1st January 1986.* Even after this excellent return we still believe that investment prospects remain outstanding in Europe for 1986. For further information call us on 01-236 3885 (6 lines). *Offer to bid 12 months to 1.1.86 net income reinvested. Source: Planned Savings. A MEMBER COMPANY OF THE Mercantile House Group INTERNATIONAL FINANCIAL SERVICES'.

OVERSEAS NEWS

Black S. African miners dismissed after riot deaths

BY ANTHONY ROBINSON IN JOHANNESBURG

HUNDREDS of black gold miners were dismissed yesterday by Randfontein Estates gold mine following last Tuesday's bloody confrontation between miners and police who tried to break up an illegal mass meeting close to the mine. Two white policemen and at least seven miners were killed and over 320 arrested. Police reported seizing two Soviet-made Kalashnikov AK-47 assault rifles and hand grenades after army and police set up road blocks around the mine and the neighbouring township of Bekkersdal, West of Johannesburg.

In a statement last night the company, a subsidiary of Johannesburg consolidated investments (JCI) said this action was taken where management had clear evidence that those dismissed were involved either in the incident which led to the death of two policemen on Tuesday evening or were those who intended to create further unrest close to or at the mine.

The black National Union of Mineworkers (NUM) last night accused mine security officials of "brutally assaulting" workers but the company denied this. The NUM has been granted access to the mine to recruit members but is not yet officially recognised. The NUM said yesterday that the management's dismissal decision was intended to undermine the union when it was about to start recognition talks.

Meanwhile the death toll in two days of fierce fighting between Zulus and Pondoos in the squatter settlements South of Durban rose to 42 yesterday. However the area

was reported to be quiet but tense and under close police surveillance last night. South Africa's trade surplus tripled in 1985 to R13bn (£4.1bn) with exports, boosted by the depreciated rand of R26.5bn compared with R23.3bn in 1984. Imports at R23bn were slightly higher in rand terms than the R21.6bn of 1984 but sharply lower in volume terms.

AP reports from Zurich: Mr Fritz Leutwiler, former Swiss National Bank President, is to meet with South Africa's major creditor banks next month in a fresh attempt to solve the country's debt problem. Mr Leutwiler, who held talks with Pretoria earlier this month, is to meet with representatives of some 30 banks on February 20 in London.

The six-man military council which seized power in Lesotho after a bloodless coup last Sunday was sworn in yesterday at the Basotho royal palace in Maseru by King Moshoeshoe II. The full membership of the council was revealed for the first time. The chairman, Major General Justin Lekhanya, commander of the 1,500-strong paramilitary force is flanked by Col Elias Ramaena, Col Aloysius Moseoanyane, Col Michael Tsotetsi, Lt Col Thabae Letsie and Lt Col Joshua Letsie.

As the council was sworn in preparations were underway for the seating of 60 African National Congress (ANC) activists from Lesotho to Zambia, part of the price demanded by South Africa for the restoration of normal relations between the two countries.



Mr Peres... at pains to stress his wider achievements.

New peace bid closer, says Peres

By Roger Matthews, Middle East Editor

MR SHIMON PERES, Israel's Prime Minister, concluded his official visit to Britain yesterday confident that he had succeeded in convincing Western governments of his sincerity in seeking a Middle East peace settlement.

Mr Peres said the past few weeks of discussions, in which the US had played a vital role, had brought much closer the detailed shape of eventual negotiations with Jordan.

Mr Richard Murphy, the US Assistant Secretary of State, left London for Washington yesterday after a series of meetings with Mr Peres. The Israeli Premier said that Mr Murphy would return to the Middle East or to Europe as soon as there was a clear message from King Hussein of Jordan about the composition of an Arab negotiating team.

Mr Peres said he believed King Hussein would be making a final approach to Syria and the Palestine Liberation Organisation within the next few days in an attempt to ascertain their attitude to negotiations.

Although pleased by his reception in London, Mr Peres has been no less concerned about the reaction to his visit in Israel and stressed yesterday his wider achievements since becoming Prime Minister.

According to Mr Peres, these included ending Israeli involvement in Lebanon, improving the quality of life for Palestinians in the West Bank and Gaza, changing Israel's policy on building settlements, agreeing to arbitration on the border dispute with Egypt, and initiating direct negotiations on the Palestinian issue with Jordan.

In the run-up to the rotation of the Israeli premiership due this autumn, Mr Peres is anxious to contrast his achievements and the future prospects of his administration with those of Mr Yitzhak Shamir, the Foreign Minister, who is due to take over from him.

The US and British governments are generally supportive of Mr Peres' political ambitions, whatever their more objective view of the possibilities, or even desirability, of drawing King Hussein alone into peace talks.

The London office of the PLO yesterday issued a statement "reaffirming the need that peace and negotiations over the bodies of the victims of aggression is both intractable and undesirable."

It said that when Mr Peres really wanted peace he would talk to the PLO. "Until then he is only fueling conflict."

Meanwhile in Israel, Mr Yitzhak Rabin, the Defence Minister, claimed it was Syria rather than Libya, which had provided the backing for the terrorist attacks at Rome and Vienna airports.

US steps up war of nerves with Libya

BY STEWART FLEMING IN WASHINGTON

THE US has stepped up its war of nerves with Libyan leader Colonel Muammar Gaddafi, ordering two aircraft carriers, the Coral Sea and the Saratoga, to conduct exercises off the coast of the north African nation.

Officials in Washington have given differing accounts of the background to the decision, some suggesting that the move is designed to intimidate the Libyan leader, others to signal strongly that the US will not tolerate terrorism.

In response, Col Gaddafi said yesterday that he had placed his navy and air force in a state of "total alert."

The Libyan leader said he had ordered aircraft out over the Gulf Sidra to defend Libya's territorial waters. "The US has rejected Gaddafi's claim to the Gulf."

The operations have begun just a week from the February 1 deadline for around 1,000 US citizens to quit the desert country imposed earlier this month by President Reagan, as part of a sanctions package against Libya.

The US move inevitably stirred memories of the manoeuvres which the US conducted off the Libyan coast in August 1981 when US navy jets flew directly over the Gulf of Sidra, an area Libya says is part of its territory—a claim the US has disputed. On that occasion US planes shot down two Libyan jets which challenged them.

US officials have declined to specify precisely where the aircraft carriers will operate. The timing of the US move suggests that the Reagan Administration wants to signal that it will not tolerate any interference with departing US citizens. It also seems designed to reinforce the impression the Administration is trying, not very successfully, to create at home that it is ready and able to take tough action against Libya, which President Reagan has identified as a training ground for international terrorists.

Laora Raun adds from the Hague: The major allies of the US have promised not to undermine that country's economic sanctions against Libya, according to Mr John C. Whitehead, US deputy secretary of state, who yesterday finished a tour aimed at inspiring support for the American moves.

Mr Whitehead said he received assurances from all nine allies that they would not seek to fill the gaps left by the strict trade boycott, departure of all Americans from Libya and attempted freeze of Libyan assets in the US.

The pledge, however, falls well short of President Reagan's request for allies to join the US in the economic sanctions against Libya in retaliation for its alleged role in the terrorist attacks last month.

The envoy, who will report to Mr Reagan this weekend, said: "We received less assurance than we had hoped for but more than we had feared."

Mr Whitehead also said he hoped the European Community Foreign Ministers, who meet on Monday, would agree to suspend arms sales to Libya in an effort to combat terrorism.

Austria's tourist authorities blamed a wave of cancellations by US tourists following the terrorist attack at Vienna airport in December as launching an urgent advertising campaign in the US to reassure potential customers writes Patrick Blum from Vienna.

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The range of 5-7 per cent for a D-Mark realignment suggested by Mr Herrhausen is not regarded by monetary officials as out of the question.

But the key issue is in what kind of realignment package such a re-valuation would be achieved.

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Mass walkouts paralyse Argentine industry

BY JIMMY BURNS IN BUENOS AIRES

BUSINESS activity in Argentina ground to a halt yesterday as the country's major trade union organisation, the General Confederation of Labour (CGT), staged a 24-hour general strike against the government's IMF-backed economic policy. Mass walkouts in factories surrounding the capital and in the northern industrial city of Cordoba, and the paralysis of the transport system, ensured the effectiveness of the strike, the fourth to be called since President Raul Alfonsín's election in October 1983.

But, although labour leaders claimed that they had won a "referendum," the Government remained reluctant to accept the strike as a definitive test of its popularity.

Delhi court grants bail to hotel fire directors

BY JOHN ELLIOTT IN NEW DELHI

FIVE directors and the general manager of the New Delhi hotel, where 37 people died in a fire on Thursday, were yesterday granted bail after applying voluntarily to Delhi High Court in anticipation of their arrest.

Under Indian law a person facing imminent arrest can seek court approval in advance for bail so escaping the risk of detention.

The directors are believed to have thought their arrest likely because of the size of the hotel disaster.

Police and fire officers believe the fire, which spread through the bottom three floors of the Siddarth hotel in about 15 minutes, was probably caused either by a gas leak or sabotage.

They are stepping up efforts to make other hotels in the Indian capital improve their fire precautions in line with India's first mandatory building bye-laws which were introduced three years ago after a serious fire in an office block.

The regulations introduced in 1983 affected new buildings of more than 15 metres height. But the city's fire department has had only limited success persuading owners of older high rise buildings to conform to the safety standards. The city's heavily populated high office blocks are widely regarded as potential death traps.

'No pass, no play' rule hits nerve of Texas football teams

BY STEWART FLEMING IN WASHINGTON

JANUARY was a month of bitter disappointment for the girls on the soccer team at Richardson High in Dallas, Texas.

After a triumphant season which took them to the brink of the League Cup finals they were suddenly ordered to forfeit seven games because a member of the team had violated a new education law.

The law, passed in Texas in June 1984, lays down that any student who fails an academic course becomes immediately ineligible to participate in extracurricular activities such as school sports.

chartered two Boeing-737 jets to fly them the 820 miles to Midland to see a championship game.

The new law has become such a rallying point for the Governor's critics that high school football coaches have formed a Political Action Committee (PAC) to raise funds to support his political opponents.

Education policy has thus emerged as one of the principal battlefields which will help to determine Governor White's political future. He has decided it is an issue which will work to his advantage

BRITAN'S RESIGNATION

Brittan's letter to the Prime Minister

My Dear Prime Minister,

Since your statement in the House yesterday it has become clear to me that I no longer command the full confidence of my colleagues.

In these circumstances, my continued membership of your Government would be a source of weakness rather than strength and, as I have explained to you, it is for this reason that I have tendered my resignation.

It has been an honour and a privilege to serve in your Government successfully as Minister of State at the Home Office, as Chief Secretary to the Treasury, as Home Secretary and as Secretary of State for Trade and Industry.

I shall, of course, continue to give the Government my full support from the back benches.

It is above all vital, that the crucial work of national regeneration which we were all elected to achieve should continue unimpeded.

Yours,
Leon
(Leon Brittan)

A loyal minister who learned some brutal lessons

MR LEON BRITAN has resigned mainly because of his loyalty to Mrs Thatcher and because he appears to have lost the confidence of his parliamentary colleagues. Since Mrs Thatcher became Tory leader in 1979 he has been a faithful supporter and interpreter of her wishes, both as an Opposition spokesman and in various government jobs.

He has always been a respected rather than a widely liked figure, seen by fellow-Tory MPs as a clever administrator rather than a good mass communicator.

In some respects he has been like Sir John Simon, also a clever lawyer-politician, who filled a number of posts in governments of various colours from the 1930s to the 1940s.

However, within his own social and political group Mr Brittan, aged 46, has been a widely liked and popular figure with a sense of humour and a passion for cricket.

Since he was at Cambridge he has been seen as one of the outstanding members of his generation. This includes Mr Norman Fowler, Mr Kenneth Clarke and Mr John Gummer,

Peter Riddell profiles the career of a politician lacking in judgment.

and a dozen other current Tory MPs.

His ambition to succeed in both the law and politics was evident early at Cambridge and then in the Bow Group. It has been apparent since then, perhaps too obviously for the tastes of many Tories.

No one has disputed his ability to master a brief and to argue a detailed case. For example, at the start of his troubles over Westland 10 days ago he had to put forward a lengthy, detailed explanation of the Financial Services Bill, which he did with aplomb.

In government he has always shown executive ability. He started in May 1979 as Minister of State at the Home Office, under Lord Whitelaw who, with longstanding friend Sir Geoffrey Howe, has been his main political supporter and mentor.

Then, in January, 1981, he was suddenly and unexpectedly promoted to the Cabinet as Chief Secretary to the Treasury, under Sir Geoffrey Howe.

There he proved to be a success in fighting the battle for detailed control of public spending in 1981-82, by contrast with his predecessor, Mr John Biffen, who was felt not to control the post.

Mr Brittan was clearly overjoyed when he became Home Secretary after the June, 1983, general election. He had plenty of ideas for updating the criminal law system and his department produced many bills.

He has also been intensely loyal and honourable to Mrs Thatcher. Indeed, it is clear throughout the Westland affair that he has been trying to act in the Government's interest as defined by the Prime Minister.

This applied even on January 6 when he was concerned to obtain Downing Street's consent before finally approving disclosure of the letter from Sir Patrick Maybaw, the Solicitor General, to Mr Michael Heseltine, the then Defence Secretary.



Leon Brittan: a sense of humour, and brutal lessons faced.

According to one friend, Mr Brittan has always treated Mrs Thatcher rather like the head of a barrister's chambers, to whom he should always defer. However, in the past fortnight he has had some brutal lessons

January 13, even though he argued that she should take the lead.

This led to the wholly unnecessary dispute about whether a letter from British Aerospace existed. In this Mr Brittan behaved in a somewhat pedantic, lawyer-like way in not compromising Mrs Thatcher.

Second, she has failed to offer him much public support at any time in the affair.

However, he has always lacked political sensibility and judgment. To many of his colleagues he has appeared too much the smooth lawyer, clever and bland. To the Opposition he has appeared to be merely the devious creation of the Prime Minister.

He has misread the House of Commons several times. These date to his days as Chief Secretary to the Treasury and, more recently, as Home Secretary, before he became Trade and Industry Secretary last September.

Indeed, his lack of political judgment in putting pressure on the BBC over the Real Lives television programme finally led

Mrs Thatcher to move him, against his wishes, from the Home Office to the Trade and Industry Department.

However, until the Westland crisis he had seemed to be getting some feel for that job and was beginning to develop an initiative on regional policy following a speech at the Tory Party conference when, to his surprise, he received a standing ovation.

As with so many other ministers forced to resign it has been lack of confidence among his colleagues at Westminster that has been the principal factor.

Throughout the Commons exchanges he has been accused, not only by Labour leaders but also by his own side, of lacking proper respect and understanding of the House.

In last week's debate Mr James Callaghan bluntly and cruelly suggested it would be better if he went back to the bar.

Other colleagues say that without a long apprenticeship as a backbencher he has not really developed a feel for the Commons, in which he has so much wanted to succeed.

Swift turnover seen at the top of Trade and Industry

Hazel Duffy looks at a department in search of a role.

Parkinson's relatively short tenure to effect the merger.

Today, it is the regulatory functions of the former Trade Department which have given rise to probably the most important piece of legislation to emerge from either department since 1979 — the Financial Services Bill.

The framing of the bill, which is just about to go to the committee stage, owes something to Mr Brittan's legal and financial expertise, although the groundwork had been laid some time before his arrival in London's Victoria Street. Although his contribution was not strategic, he is credited with having taken a number of technical initiatives.

The progress of the 166-

clause bill is not expected to be impeded by Mr Brittan's departure — his ministers, Mr Michael Howard and Mr John Butcher, were scheduled to take it through committee with the aim of getting it on to the statute book by the summer.

Mr Brittan has also had a considerable impact on the DIT's determination to step up its prevention of fraud programme for which extra resources have been secured from the Treasury.

It is in these two areas that Mr Brittan had time to make some contribution, but it is his predecessor, Mr Tehbit, who most impressed his officials and the business world with his own part by the way of energy and popular appeal. By comparison Mr Brittan has had little time to make an impact, or even to make enemies, except with Mr Michael Heseltine the former Defence Secretary.

The legacy of the Westland affair, however, leaves far more questions unanswered about the reality of the Government's industrial policy than do

the figures for financial support. Mr Brittan's successor will need to determine the relationship of the DIT as a sponsor department to a large part of of British industry.

Why did the DIT tell the Westland board to find its own solution to its financial problems in the summer, and then express surprise when British Aerospace did not turn to the department for guidance as to what it should do in relation to Westland? It is true that BAe receives a lot of launch money from government and that it is legitimate for the DIT to be interested in what it is doing, but the Westland affair suggests that the relationship between a company once owned by government and now private has not yet been worked out.

The reality is that the DIT still expects to have considerable involvement in its public sector corporations — British Steel, British Shipbuilders and the Post Office being the largest — certainly more than institutional shareholders have in their shareholdings, which is

not fully explained by the recent precarious financial history of some of the industries.

In the private sector as well, it still seeks to play an influential role in sectors such as diesel engine manufacturing,



Cecil Parkinson and Norman Tebbit, Leon Brittan's predecessors at the DIT

where officials at least believe in a strong British presence. That may be a bad thing, but it would perhaps be more honest if ministers did not always seek to play down its role by saying that the Government does not have an industrial strategy.

The new Secretary of State will come to a department which is still trying to find its role, at least in industry, rather like Brittan not knowing where to turn when it had lost the empire.

Officials insist that the merger of the two departments, however, has been largely successful in bringing together two important departments which logically should have never been separated. It makes sense, they say, to inject the trading interests of industry and the financial services into the same body. This was done by making the sponsoring divisions responsible for the whole of a sector's activity — exports, import costs, as well as the guidance of the companies within the sector.

Asked whether he was in favour of a Freedom of Information Act, or at least the repeal of Section 2 of the Official Secrets Act, Mr Heath said that he would like to see what would be taking its place before commenting.

Whatever the conclusions of the committee, which is expected to report in the late spring, there is no doubt that strains are showing in areas of the higher echelons which will not be eased by the Westland spin-off.

Civil Servants' ethical dilemma highlights issue of freedom of information

WHEN MRS THATCHER told the Commons on Thursday, in response to the leaking of the Solicitor-General's letter, "I should have said that a different way must be found of making the relevant facts known," it might have seemed that she was becoming converted to a Freedom of Information Act.

In reality that is unlikely to be so, writes Hazel Duffy. The freedom of information campaign does not draw the Conservative Party to its feet, though one Tory backbencher supporter of the campaign recently said he thought practically all

the Cabinet would vote in favour of such an Act if the Whips were not on.

The events of the past week raise again the question of whether there is not some more open way of making government information available and to emphasise the difficulties that the present situation imposes on civil servants in relation to their duties to ministers.

The position of Miss Colette Bowe, the senior Department of Trade and Industry civil servant through whom, by implication, the letter was leaked, is very different from that of Mr

Clive Ponting, the Ministry of Defence official who leaked information on the Belgrano affair.

She was instructed to do it, and will not be prosecuted under the Official Secrets Act: Mr Ponting acted according to his conscience, and was prosecuted, but finally acquitted.

Both cases emphasise the vulnerability of civil servants in a process whereby the power to disclose information is in the hands of ministers, and the particularly difficult position in which civil servants are placed

when there is inter-departmental conflict.

For as long as ministers shoulder the responsibility, as they have done for Miss Bowe, the incident is not likely to have an immediate impact on morale in the Civil Service.

But it could well have a creeping effect at a time when the Civil Service finds it more difficult to attract talented recruits into its ranks.

In the past few years Whitehall has not been able to fill all its vacancies for administrative trainees. This is the pool from which the most senior

civil servants will be picked in good time.

The First Division Association, which represents most of the top-grade officials, says that pay is a major deterrent, and spurs the recently-introduced performance bonuses as a solution to the problem of business and some of the professions offering more financially rewarding prospects to the best graduates.

But the First Division Association is also very concerned about the "ethical dilemmas" in which civil servants occasionally find themselves, a

problem which it feels the code of ethics issued by Sir Robert Armstrong, head of the Civil Service, shortly after the Ponting affair, fails to resolve.

Mr John Ward, general secretary of the association, which has drawn up its own code, told the Commons Select Committee investigating the duties and responsibilities of civil servants in relation to ministers: "What we are trying to do is say what it is legitimate for the civil servants to be expected to do and what procedures they should adopt if

they are asked to go beyond what is legitimate."

Mr Edward Heath, giving evidence to the committee this week, blamed "constant attacks on the Civil Service by some sections of the media, and the House of Commons," as responsible for some of the morale problem and the constant reductions in the strength of the Civil Service while its responsibilities remain the same.

He also defended the Civil Service as far and away the best in the world.

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UK NEWS

S Yorkshire plans to cut bus jobs failing subsidy rise

BY ANDREW FISHER

SOUTH YORKSHIRE, whose cheap fares policy is threatened by local government changes, will make up to 1,600 of its bus staff redundant unless the Government agrees to pay a further £30m in subsidies.

The redundancies, from a workforce of 5,200, will result from the abolition of South Yorkshire County Council in April. The council's heavily subsidised local bus fares are the lowest in the country.

The local passenger transport executive said the statutory 90-day notice had been given to trade unions, mainly the Transport and General Workers. But no individuals had received redundancy notices.

It hoped to keep compulsory job losses to a minimum through voluntary redundancies and early retirement.

Job losses would cover bus crews, inspectors, office staff, and maintenance workers, the executive said. After the council's abolition fares could rise by up to 225 per cent, and services be cut by 10 per cent.

The cost of the South Yorkshire buses this financial year is about £88m. But the Government has said the subsidy in 1986-87 will be £59m, increased from the original £50m.

The transport executive said it had asked the Government for more money to cover next year's operating costs. The subsidy offered by the Government was about £30m less than the amount the executive required to keep fares low and maintain services.

Under the low-fares policy which has kept charges

£2.8m boost for Mirror group titles

By Helen Hague

MR ROBERT MAXWELL'S Mirror Group Newspapers is spending £2.8m on a promotion and marketing campaign aimed at boosting circulation of its three national titles. The Mirror, Sunday Mirror and Sunday People.

A two-month television and promotion campaign is due to start this weekend with the theme Look Forward to Tomorrow.

Mr Maxwell recently shed 1,600 of MGN's 6,000 workforce with union agreement and achieved his long-held aim of splitting the publishing and printing functions.

Production workers are employed by the British Newspaper Printing Corporation a subsidiary of Mr Maxwell's British Printing and Communications Corporation, and those who carry out service functions by BNPC (Services). Journalists are employed by MGN 58.

Mr Maxwell said his job-cutting and restructuring exercise had been carried out "the British way," and drew a comparison with the move by Mr Rupert Murdoch's News International to start its new printing plant at Wapping.

He said MGN would seek to print extra copies in the event of a dispute which hit production runs of Mr Murdoch's four titles.

Each MGN title is to have its own eight-page leisure section weekly, printed on pink paper.

Grant for Hackney

THE GOVERNMENT has awarded a £4.1m urban development grant to Co-operative Retail Services, to help meet the costs of a £18m shopping centre development in Hackney, east London.

Shah gives his newspaper a dummy run

BY RAYMOND SNODDY

JUST AS the youngest apprentice always launches West German ships so Mr Eddy Shah, chairman of News (UK), stepped aside yesterday and asked his newest employee to push the button on the press for his colour tabloid newspaper, Today.

The symbolic start of the MAN Roland press from West Germany was achieved by Mr Kevin Clark, who joined the company only four days ago and would only say he was in his early twenties. He has served a five-year apprenticeship as a member of the National Graphical Association, the print union whose clash with Mr Shah at Warrington led to the creation of Today.

The dummy launch of the Fleet Street revolution took place in a building like an aircraft hangar at Poyle industrial

estate, in the no-man's-land between Heathrow Airport and Slough.

In a brief ceremony, Mr Shah said he had done everything up to now he had promised to do and Today was on schedule for launch in earnest on March 4. Already £7.4m in advertising had been booked, net of agency commission, and he was confident the £10m launch target would be met.

The extent of Mr Shah's revolution could be seen in the number who manned the presses and where they came from. A total of 32 men, in two shifts, will operate the two presses, seven days a week. The plant, it is claimed can produce 750,000 copies overnight.

Mr David Blackman, for one, is an experienced printer and

has come from the Farnham Herald. He will continue to pay his NGA dues.

But, until four weeks ago, Mr Philip Weston was a clerical officer with nearby Hounslow Borough Council. Now he is an assistant on the £2m presses and starting to take an interest in the share options available to all News (UK) employees.

A colour special on the US Superbowl football game was produced to show what the presses could do. The Poyle plant will be joined in the next few weeks by further plants at Birmingham and Manchester. One is also being built at Rotherham and Mr Shah is thinking of a plant for Bristol or Newport.

He refused to regard the ceremony yesterday as of historic interest. "There are only three days I am interested

in—the day I thought of the idea, the day I raised the money and March 5, when I hope it will be a success," said Mr Shah, having pulled himself away from the television lights.

"Fleet Street has to sort itself out and quickly. We are producing in full colour and, for the first time, a newspaper will be competing with TV and magazines.

"If you had a choice, would you buy a 1940s car that is 40 years out of date?"

He denied that his project was responsible for the troubles at Mr Rupert Murdoch's News International group, but added, "It is clear that we have acted as something of a catalyst." His advice to Mr Murdoch was to see any dispute through to the end.

The ceremony at the warehouse was attended by one policeman. No barred wire was in evidence.

Move to cut violence on TV screens

By Ivor Owen

A PRIVATE member's Bill aimed at reducing the amount of sex and violence shown in television programmes was given a Second Reading in the Commons yesterday by a majority of 130.

The Obscene Publications (Protection of Children etc) (Amendment) Bill also seeks to ban sexually explicit magazines from newsgroups and book-stalls.

While supporting the Second Reading of the Bill, Mr David Mellor, Under-Secretary at the Home Office, urged that several major changes should be considered during the committee stage.

He suggested that assurances by the BBC and the independent television companies that the existing guidelines on the showing of programmes containing sex and violence would be more vigorously enforced might be sufficient to persuade MPs that legislative action in this area was unnecessary.

EEC compensation for job losses

THE EUROPEAN Commission announced grants totalling £3.2m from the European Coal and Steel Community budget to compensate 1,614 workers made redundant following plant closures.

A total £4.6m has been allocated to compensate workers in British Steel plants in Hartlepool and Tinsley Park, Sheffield.

In addition £838,000 has been allotted to 121 workers made redundant or displaced in coal plants belonging to the National Coal Board and National Smokeless Fuels in Rotherham, South Yorkshire, and in Gateshead, Tyne and Wear.

Swissair plans

SWISSAIR is to introduce direct services between Zurich and Birmingham on March 30. The Swiss airline already flies to Heathrow and Manchester.

Berrill will draw £110,000 as head of SIB

BY NICK BUNKER

SIR KENNETH BERRILL is to be paid an annual salary of £110,000 as first chairman of the Securities and Investments Board, the Bank of England said yesterday.

The SIB is expected to be made the main regulatory body for London's financial community when the Financial Services Bill becomes law.

Sir Kenneth's salary was not disclosed last March when Mr Norman Tebbit, then Trade and Industry Secretary, appointed him to the post on a three-year contract.

But it was predicted that he would receive about £100,000 to compete with the earnings of other leading figures in the City, after a statement by the Bank that he would get a market-related salary.

Before joining the board Sir

Kenneth was chairman of Vickers Da Costa, the stockbroking firm, and in the 1970s was head of the Central Policy Review Staff, the Government's "think-tank."

Yesterday's announcement means that his salary will be considerably greater than that of Mr Robin Leigh-Pemberton, Governor of the Bank of England, who determines pay levels of the SIB's members.

Mr Leigh-Pemberton received £85,096 in 1984-85, according to the Bank's most recent annual report. By contrast Sir Robert Armstrong, head of the Home Civil Service, is paid £83,125, though this will rise to £75,000 from March.

In City terms Sir Kenneth's salary will not be exceptional. Mr Ian Hay Davidson, chief executive of Lloyd's, is paid

£120,000 a year.

A survey by Incomes Data Services, the research organisation, showed last year that senior partners in stockbroking firms can receive basic salaries of £100,000, plus shares of the firm's earnings, which raises their annual income to £1m in a good year.

The Bank also said that the SIB's part-time deputy chairman would receive an annual salary of £12,500. The post is held by Sir Martin Jacobson, vice-chairman of Kleinwort Benson, the merchant bank.

It is expected that later this year, with the agreement of the Department of Trade and Industry, the SIB will merge with the Marketing of Investments Board Organising Committee, the parallel body which has been drawing up draft

rules for investor protection alongside the SIB.

The Government has already offered Mr Mark Weinberg, Miboc's chairman, the post of joint deputy chairman with Sir Martin of the merged body.

Part-time board members of the SIB will receive £8,000 a year, the Bank said.

The SIB's official position is that rewards for board members and officials should be pitched to attract professional people of the calibre required in regulating the financial services.

HOUSING AND PLANNING BILL

Direct aid plan for inner cities

BY ROBIN FAULEY

THE GOVERNMENT yesterday published a Bill containing measures to enable it to give financial aid directly to regenerate projects in the inner cities.

The Housing and Planning Bill, which also contains greater incentives for tenants to buy council flats, could let the Government circumvent local authorities and put cash into large projects in the most deprived urban areas.

This could be done through a new Urban Regeneration Grant, in the form of grants, loans or guarantees to private developers for inner-city projects. This would be like the present Urban Development Grants, which go via local authorities to joint public sector-private sector projects.

Various Labour-controlled councils which administer some of the most deprived areas, have not been making full use of these grants because of their unwillingness to involve the private sector.

The Government has decided to apply the aid directly and define more closely the worst areas of deprivation.

Mr Kenneth Baker, the Environment Secretary, said

yesterday the new grant would be applied "in our hardest-pressed towns and cities, to areas which may vary in size from five to 100 acres.

"I now want to see a longer-term commitment by private developers and financial institutions, working together to tackle whole areas, not just individual projects," he said, reflecting a further step by the Government towards the US approach to such problems.

The cost could be £20m in a full year and, in the first year at least, this would have to come from the existing Urban Programme, already cut to £317m in 1986-87 from £338m in 1985-86. This means some of the less deprived areas that qualify for some urban aid would lose it in 1986-87. Mr Baker is hoping to persuade the Treasury to provide new money for the new grants in later years.

The Bill also aims to let new simplified planning zones be designated in the inner cities. Much of the present planning bureaucracy would be eliminated within these areas so that projects might be undertaken more quickly.



Kenneth Baker: Seeking to enhance the private role

housing section of the Bill is an attempt to encourage more people to buy their council flats.

The Government has succeeded in encouraging many people to buy council houses on modern estates, but it has proved much harder to get

people to buy houses and flats elsewhere.

To try to increase sales of flats, the Bill proposes to raise the maximum discount on flats to 42 per cent, plus 1 per cent for each complete year of occupation after the two-year qualifying period, up to a maximum 70 per cent.

The Bill proposes new limits on the service and repairs charges payable by flat-buyers in the first five years after purchase. It also aims to provide a new right for flat-buyers to a loan to cover service charges. If the landlord were a housing association, the loan would be an advance from the Housing Corporation. In other cases, the loan would be in the form of a right to leave the whole or part of the service charge outstanding.

The powers of local authorities to hand over the management of housing estates to organisations approved by the Environment Secretary would be extended by the Bill. This is a further step in the Government's strategy to achieve more effective and efficient management of estates and repairs through privatisation and competitive tendering.

Royal Ordnance likely to axe 700 jobs as orders decline

BY LYNTON MCLAIN

ROYAL ORDNANCE is likely to announce about 700 job losses at its munitions factories at Birtley, near Gateshead, and Chorley, Lancashire.

These latest losses, after 1,819 jobs lost in November 1984 at four Royal Ordnance factories, follow a 40 per cent fall in its ammunition manufacturing workload for 1986-87, compared with 1985-86.

This net fall stems partly from a lack of orders by the Defence Ministry and a British army order having gone to Belgium.

Job losses at Birtley and Chorley will include compulsory redundancies.

The announcement is expected to come on Thursday, Mr Bill Meakin, the deputy chairman and chief executive of Royal Ordnance, said yesterday.

The company's management is worried about the loss of some of its traditional business to continental competitors only five months before its privatisation.

As the UK's main supplier of munitions to the British armed forces, it would have expected the contract that went

to Belgium almost automatically before competitive tendering was introduced by the Ministry.

PRB, of Belgium, won a contract last summer to supply an undisclosed volume of 78 mm shells to the British army for use in light tanks. The effect of the loss of this contract is starting to be felt now at Birtley and Chorley.

The group may also be vulnerable to setbacks over orders for the UK armed forces for 105 mm light howitzer shells and 7.62 mm bullets for self-loading rifles and machine-guns.

The Ministry has still to decide which company should win those contracts.

Orders for ammunition have gone to Europe as a result of the MoD's competitive tendering policy. We know it is happening and we are worried," Mr Bryan Basset, chairman of the Royal Ordnance, said.

Mr Bill Meakin, the deputy chairman and chief executive, said: "We do recognise that we have to continue to improve our about 157p, with the price falling to as low as 179p in areas such as Greater Manchester.

On the spot market the price of North Sea oil showed some resistance after the recent fall, which culminated on Thursday when three cargoes of Brent — the main North Sea crude — were bought at a price of \$17 a barrel. Yesterday Brent was trading at between \$18.40 and \$19 a barrel for March delivery.

Birtley specialises in empty shell and cartridge cases and in bodies for rocket motors. Chorley is the headquarters of RO's ammunition division.

Other, more modest job losses at other Royal Ordnance factories — including the small-arms ammunition factory at Radway Green, Crewe, and the main battle tank factory at Leeds — are also likely before the privatisation in the summer, unless the company were to win more orders soon.

No final figures for job losses at Birtley and Chorley have been decided but Birtley is expected to be the worse affected, with about 500 likely to go. Chorley is expected to lose about 200.

The Birtley and Chorley factories are in areas of high unemployment. In November 1984, Birtley lost 595 jobs out of 1,650 and would be left with only about 533 employees through the latest expected cuts.

Chorley lost 477 jobs out of 2,300 in 1984 and would have only about 1,600 staff under the latest proposals.

Prices of industrial fuels cut by BP

BY DOMINIC LAWSON

BRITISH PETROLEUM yesterday launched the second oil industry wave of industrial fuel price cuts to a fortnight as a direct reaction to the crude oil price fall.

The reductions range from a cut of 1.8p per gallon for Kerosene to a cut of 4.1p per gallon for gas oil. Other oil companies are certain to follow BP's reductions, which come into effect from the start of business on Monday.

So far, the oil companies have been unwilling to cut the official scheduled retail petrol price, which still stands at 198.7p a gallon. But on the

forecourts, prices have slipped down steadily in the wake of the falling price of crude oil on the spot market. The average retail petrol price is now about 157p, with the price falling to as low as 179p in areas such as Greater Manchester.

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The yearly maximum previously agreed with the Energy Department, BP is negotiating with the department to obtain an increase in its Forties production allowance for this year.

The bank claims that at current sterling oil prices, the Government's decision made at the time of the last Budget, that the 1986-87 fiscal year would produce £11.5bn in oil revenues, will have to be revised downwards by between £3bn and £4.5bn.

Yesterday, the Treasury said the effects of a lower oil price on inflation and output generally in the UK were, if anything, slightly beneficial.

The bank, however, argued yesterday that the UK's interests lay in "stable oil prices at a reasonably high level. A degree of co-operation with the Opec producers must seem an increasingly attractive solution."

The Government, however, is implacably opposed to overt co-operation with Opec.

Gallery extension decision

By Gillian Darley

MR ROBERT VENTURI, an American architect, has been appointed to design an extension to the National Gallery.

The decision by the Gallery's trustees to appoint Mr Venturi ends a long period of uncertainty.

A previous design by the architects Ahrends Burton & Koralic, who won a competition held in 1982, was attacked by the Prince of Wales as "a monstrous carbuncle on the face of a much-loved friend."

After a public inquiry Mr Patrick Jenkin, then Environment Secretary, refused planning permission for the gallery extension which offices and Trafalgar House, the developer, pulled out.

Last April, the Sainsbury brothers, Sir John, Simon and Timothy, offered the trustees a new building for the sole use of the Gallery.

The planned extension, about 20,000 sq ft, will include a lecture theatre, shop and restaurant, as well as permanent picture galleries to house the early Renaissance collection.

At this stage there are no drawings, plans or models to be seen, since according to Mr Jacob Rothschild, chairman of the trustees, "we were looking not for a building design, but for an architect."

Mr Venturi won the commission after a three-month period in which the Hampton site-selection committee interviewed six practices and visited their buildings.

Other practices in the list were four British firms, James Stirling, Peter Gough, Jeremy Dixon and BDP, and Colquhoun and Miller; and another US practice, Henry Cobb of I.M. Pei.

Mr Venturi will spend a year working on detailed proposals in consultation with the client. The scheme is then due to be presented to the public. Mr Venturi will work in collaboration with British consultants,

GM takes over 19% of car sales

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS, the Vauxhall-Opel group, has made a strong start to 1985 and after 20 days of January its car market share was 19.7 per cent — close to the 20 per cent penetration it aims to achieve for the year as a whole.

By contrast, neither Ford, the market leader, nor BL, the state-owned group, will be satisfied with their performances so far. Ford ended the first 20 days with 24.48 per cent and BL, which includes Austin Rover, with 15.95 per cent.

For 1985 as a whole, Ford's share was 26.5 per cent and BL's 17.9 per cent.

January is important for the car makers because it is a month of strong demand — particularly among private buyers. According to the Society of Motor Manufacturers and Traders, car sales, which were depressed in the early days of January by poor weather conditions in many parts of the UK, recovered strongly. After 20 days of the month they were 3.6 per cent ahead of the comparative period of last year at 105,519.

However, the rate of sales will have to increase substantially if this month is to match the record January performance in 1983, when 165,436 new cars were registered.

In the first 20 days, the total was down from 59.99 per cent to 56.41 per cent, of which the Japanese accounted for 7.07 per cent, up from 6.3 per cent.

Volkswagen-Audi also performed strongly with a 7.7 per cent share, against 8.7 per cent for the whole of 1983.

Home computer sales 'to rise by 18%'

BY JASON CRISP

THE DEPRESSED home computer market will grow by 18 per cent to sales of £488m this year, according to a report by Wood Mackenzie, the stockbrokers. Substantially fewer computers will be sold, but they will be more expensive models.

Wood Mackenzie estimates that the average value of home computers sold this year will be £350, which is some 75 per cent higher than last year.

The reasons for this jump include a sharp fall in sales of basic first generation home computers, many of which were sold last year at knock-down prices as a result of cash crises at many suppliers.

Another reason is the arrival of much more expensive second generation products like Amstrad's word processing PCW8256, which costs nearly £460, and the powerful models from Commodore and Atari.

The number of home computers bought in the UK this year will drop to 750,000 compared with twice that number in 1983 and 1.1m last year.

The report predicts the market will grow another 13 per cent in 1987 to £550 and will mark the emergence of MSX, the Japanese common standard for home computers which so far has failed to take off.

Wood Mackenzie says the MSX companies see their mass market developing, not necessarily into more powerful machinery, but from the increasing use of microcomputers inside television sets. "With more and

more than 23 per cent last year, causing redundancies and short time working throughout the industry."

Mr Michael Pashley, president of the Bicycle Association of Great Britain, reporting the "sombre" figures to the associations annual meeting in Coventry said: "The message is clear. We have to stop this decline."

Sales had been hit by "the appalling weather" and the passing of the craze for BMX cycles.

Provisional Bicycle Association estimates suggest deliveries in the UK fell from just over 2m in 1984 to less than 1.5m, and exports dropped from 260,000 to 208,000.

Mr Pashley said imports fell more sharply, at 35 per cent from 840,000 to 535,000. Cycle companies expect a slight demand improvement this year.

Mr Pashley complained that conventional cycles were sold at "ridiculous, almost suicidal, low prices."

Lucas Electrical to cut 340 jobs

By Arthur Smith, Midlands Correspondent

LUCAS ELECTRICAL, the loss-making motor components company, yesterday announced plans to cut 340 jobs at its Nere Green factory, Birmingham. Employees were told that the alternative to rationalisation and to the introduction of new work practices would be closure of the plant with the loss of all 560 jobs.

Union leaders feared yesterday's announcement marked only the first of a series of redundancies in the electrical subsidiary of Lucas Industries. Brokers estimate Lucas Electrical lost £25m on £260m turnover in the year to last July.

The company has made clear that action will be taken to restore profitability. Mr Godfrey Messervey, chairman of Lucas Industries, has said all options are open: "We could be injecting money into companies selling companies or closing them down."

The electrical division, supplying products ranging from starter-motors to batteries, has been hit by the decline of the UK vehicle-assembly industry. The workforce has been almost halved, to 12,000, over the past five years. Last year, 900 redundancies were announced.

The Nere Green factory makes parts for electronic systems. The planned changes have been drawn up in consultation with the trade unions, with the aim of returning to profit after five years of losses. The factory was projected to lose about £3m in this financial year.

Lucas believes that most of the redundancies, which will be phased over the next 18 months, can be achieved through volunteers and early retirement. Management is seeking all workers' full commitment to the survival plan before putting it into effect.

Bicycle sales down by 25% last year

By Arthur Smith, Midlands Correspondent

BICYCLE SALES fell by more than 23 per cent last year, causing redundancies and short time working throughout the industry."

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Daily value of N. Sea oil output fell 16% last month

BY DOMINIC LAWSON

THE DAILY value of UK-North Sea oil output fell last month by more than 16 per cent, to under £40m, according to figures issued yesterday by the Royal Bank of Scotland.

The reasons were an average drop of \$3 a barrel in the North Sea oil price; a slight rise in the value of sterling against the dollar, the currency in which oil is sold; and, lower production.

Following a collapse in the oil price this month, the bank expects a further sharp fall in the value of UK North Sea revenues for January.

UK North Sea oil output last month was 8.5 per cent lower than that recorded in the previous December.

The drop, to 2.5m barrels a day, was largely because of a fall in output from BP's Forties oilfield, which was operating at 60 per cent capacity.

BP had to throttle back, to keep its Forties output within

the yearly maximum previously agreed with the Energy Department, BP is negotiating with the department to obtain an increase in its Forties production allowance for this year.

The bank claims that at current sterling oil prices, the Government's decision made at the time of the last Budget, that the 1986-87 fiscal year would produce £11.5bn in oil revenues, will have to be revised downwards by between £3bn and £4.5bn.

Yesterday, the Treasury said the effects of a lower oil price on inflation and output generally in the UK were, if anything, slightly beneficial.

The bank, however, argued yesterday that the UK's interests lay in "stable oil prices at a reasonably high level. A degree of co-operation with the Opec producers must seem an increasingly attractive solution."

The Government, however, is implacably opposed to overt co-operation with Opec.



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ECONOMIC DIARY

TOMORROW: First round of Portuguese presidential elections. Mr Shimon Peres, Israeli Prime Minister, to visit Germany until January 29.

MONDAY: Commons debates leaked Westland letter. FT Conferences hold "City seminar" at Skinners Hall, ECA. EEC Foreign Affairs Council meets in Brussels (until January 28). Lord Young, Secretary of State for Employment, makes statement on your training scheme.

TUESDAY: Balance of payments current account and overseas trade figures (December). CBI quarterly trends survey (January). President Reagan gives State of the Union address to Congress. European disarmament conference resumes in Stockholm.

WEDNESDAY: New construction orders (November). EEC Economic and Social Committee in plenary session in Brussels (until January '85). Irish

budget. Labour Party national executive meets. News International expected to meet EETPU to continue negotiations on Wapping plant. Council of Europe parliamentary assembly debates Anglo-Irish agreement in Strasbourg.

THURSDAY: Energy trends (November). Bricks and cement production and deliveries (fourth quarter provisional). Detailed analysis of employment, unemployment, earnings, prices and other indicators. New vehicle registrations (December). Best Marwick hold conference "Singapore futures" at Commonwealth Institute, W8.

FRIDAY: Car and commercial vehicle production (December final). Mr Neil Kinnock, Leader of the Opposition, opens Labour Party local government conference in Norwich (until February 2).

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Saturday January 25 1986

PRESSURE MOUNTS ON MRS THATCHER AS MR BRITTAN QUILTS . . .

Survival, but at a heavy cost

By Malcolm Rutherford



would unite around any other candidate. Mr Heseltine, Mr Norman Tebbit, the party chair, Mr Peter Walker, the Energy Secretary, and recently Mr Douglas Hurd at the Home Office all have their supporters but none of them exactly in droves.

So one assumes that the Prime Minister is safe for the time being. Though there could be unpleasant surprises in the next few months and the struggle for the succession has already begun. Hence a certain reluctance in the Party to close ranks while the Westland affair continues. Many MPs are simply hedging their bets and watching.

When the succession does come up, it is worth noting that the Tory electoral system and the present state of the party are almost designed to let in a compromise candidate. If (say) neither Mr Tebbit nor Mr Heseltine won on the first ballot, it is not very probable that their supporters would make a pact to support one or the other on the second. More likely they would go for someone else entirely, just to keep the other out: Mr Hurd perhaps?

Still, all that is for the future, or should be. Two other points have come out of the handling of the Westland business that ought to lead to some modest reforms in the way British governments treat official information.

The first concerns the Prime Minister's press secretary, presently Mr Bernard Ingham, and the "lobby" system of briefing journalists unauthoritatively. It produces confusion for all concerned.

The West German system, somewhat modelled on the American preference for openness, is far better. The Government spokesman attends cabinet meetings and gives a press conference afterwards. If there is a coalition government, as there usually is, there will be two spokesmen, one for each party. At present there are three, to allow for Mr Franz-Josef Strauss's Bavarian party. Spokesmen for the Government departments also attend the press conferences. At times it leads to disagreements between the coalition partners, and between departments; for instance, between defence and finance. But at least the disagreements are in the open and some sort of proper record is given of what is going on. The West German system is more democratic than the British.

Second, Section Two of the Official Secrets Act of 1911 should be abolished. It is that ridiculous Act that repeatedly leads either to prosecutions or embarrasments. It is designed to protect all official information regardless of its value and makes both the donor and recipient technically guilty of an offence. In the Westland affair it even led to the Government not knowing how to leak information it wanted made public. In the end it makes all governments look ham-handed.

Previous objections to its abolition have been based on the view that no one has devised anything better to put in its place. I think that it should be abolished outright. A replacement can come later, if necessary. Probably not, discretion and commonsense would do, commodities which have been in short supply this week.

Secrets have their price

THE SAD fate of Mr Leon Brittan is already the subject of so much comment and analysis — and will no doubt remain so — that any moralising here would be otiose. It now seems — and the sad thing is that even now nobody can be sure of the facts — that he did indeed do a wrong deed, even if it was for a good reason. What proved fatal, though, was that both he and the Prime Minister were thoroughly forthcoming about these events in the House of Commons. The resulting row may look from overseas like the British indulging in one of their ridiculous fits of morality, as Macaulay once put it, but the fact is that the British system of cabinet government cannot work unless ministers answer straight parliamentary questions frankly, or at worst refuse to answer them at all. The House has been enforcing an unwritten constitution.

The economic consequences of this political upheaval are difficult to assess, partly because the markets have had to assess them in the middle of a spectacular storm in the oil market. Certainly by last night it appeared that the markets had for the time being discounted politics, for reports of Mr Brittan's actual offer of resignation caused only a small ripple.

Indeed, the week's events have shown up the markets for the most part in an unexpectedly good light. There is a tendency whenever prices move for commentators to talk about speculative fury; but the fall in the dollar, and later the rise of the D-mark and yen have not been the result of speculation. They have been unusually large and swift but perfectly rational adjustments to the news.

Sabre-rattling

The oil market was perhaps a little late to wake up to the fact that the threats by the Gulf states after the December meeting of the Organisation of Petroleum Exporting Countries to reclaim their market share, regardless of price, were meant in deadly earnest. The oil ministers have in fact a long record of bluff talk and there is no mystery about their aims. They would like to prove to other oil producers that it would be in their interests to share in the burden of managing the market, but failing that, they have less to lose than any other producers — including persistent quota-breakers like Nigeria — from a high price fall. They can maintain their revenues; nobody else can.

The market clearly does not rate their chances of assembling an enlarged Opec too highly, and has very rapidly

marked down the price to about its late-1970s level in real terms; but equally some traders seem willing to discount a little sabre-rattling in the latest statements from Kuwait. In spite of talk of a price of \$15 the market appeared yesterday to be trying to establish a floor; for the first time in some months the forward price rose above the spot price. An informed market can adjust rationally.

The fall in the oil price is one reason for the surge in the D-mark and the yen. West Germany and Japan have most to gain from cheap oil. Again, though, the market was kept informed. The West Germans conceded that an EMS realignment might become necessary ahead of the forthcoming French elections, the Japanese announced clearly that they did not intend to try to restrain the rise of the yen against the dollar.

Smooth performance

The adjustment in sterling has been much messier. The authorities have said little and, like their political masters, have tended to find that what little they did say was treated with derision. Their only clearly stated policy was to peg short-term interest rates. This went down badly with the gilt and money market men, who in these days of officially meaningless statistics tend to brood up healthily about politics. Market comment tended to develop a hysterical edge as the week wore on.

What the dealers felt to appreciate was that this was not an old-fashioned sterling crisis, but a new-fashioned sterling adjustment. Indeed, it is not clear that anyone had explained this to the official dealers in the Bank of England until rather late in the day. Instead of allowing (or even assisting) a swift adjustment, they initially resisted it; some market estimates of the reserves wasted in this exercise exceed the billion mark. Later there were hints of a change and intervention, if any, was pretty well concealed and by yesterday the pound lay level out, for a day at least, of its own accord and interest rate hysteria subsided. In the political circumstances, it was a smooth performance.

Whether it would have been smoother had the markets been told more frankly about the policy — a reminder, perhaps, that the Chancellor had already said that a lower oil price would imply a sterling adjustment — is something the authorities should be brooding over. Provisionally, we would conclude that recent days suggest that the British habit of secretiveness can impose heavy costs on those who practice it.

CAN MRS THATCHER survive? The question has become sufficiently serious to be discussed.

Although the answer is "probably yes," there is the subsidiary question of "how long?" And even the "yes" has to be hedged with hesitations. There can be no doubt that her handling of the Westland affair has damaged her reputation.

It would be over-dramatic to say, as was said about Harold Macmillan during the Profumo affair, that never again can there be glad confident morning. There never is glad confident morning. But there may not be many more peaceful afternoons in the House of Commons.

Mr James Callaghan, when he was Prime Minister, is reputed to have said on his return from a summit meeting in the Caribbean to find the winter of discontent in 1979: "Crisis. What crisis?"

The words are very apt to the present situation. It is hard to put one's finger on precisely what the crisis is. It is not the future of Westland — a minor matter, except to its employees and shareholders. It is not the great debate over whether Britain should go American or European on defence procurement — irrelevant to the way the politics have developed. It is not the resignation of Mr Leon Brittan as Trade and Industry Secretary, about whom the only question had become whether he would go yesterday or, more dramatically, next week.

It is not even that the Prime Minister refused to answer certain questions in the House of Commons on Thursday. No one really cares about the minutes, though it is good clean fun to go prying for details.

The crisis is really about why a crisis was allowed to develop out of such trivia. And that is very serious, for it raises all sorts of other questions like: does the present government always behave like this? Is the Cabinet just a bunch of bleakerers? Is the Conservative Party so divided that it cannot assert its old tradition of loyalty under fire? And why does the Prime Minister not take control, instead of apparently seeking to concentrate on saving her own skin?

Most important of all, what happens if Mrs Thatcher does survive the crisis? She will be a bleached Prime Minister, leading a government that faces very difficult economic and social problems, with no obvious way in sight and no necessity to call a general election until 1988. That is not a prospect to please.

No doubt we shall know more about the Westland affair and the leadings of letters after the emergency debate in the House of Commons on Monday. But it seems to me that Mrs Thatcher loses on every count. Either she knew what was going on, or she did not. If she did, why did she not stop it? If she did not, why not or at least why did somebody not tell her?

The Prime Minister's early warning system seems to be going the way of the Nimrod — seven years too late. She will have to give a very good performance indeed to make up for recent lapses. Mr Brittan will be free to speak his mind in the debate if he chooses to do so.

Why did it all happen? My own explanation is based partly

on Lord Acton's dictum, especially the first part of it: "All power corrupts, and absolute power corrupts absolutely." It is not corruption in the sense of financial gain or anything like that. It is the way the possession of power eventually leads to carelessness about its use.

Mrs Thatcher thought that Westland was a small matter that could be dealt with by her ministers. She overlooked the fact that they were squabbling and that some of the personal rivalries ran deep. Mr Brittan, for example, had never forgiven her for removing him from the Home Office last September. Mr Heseltine was smug from the way he thought that his suggestions to economic and industrial policy had been rejected over the years. The Prime Minister failed to appreciate the implications of allowing him to go off and seek a European solution to Westland when she and her colleagues thought it was not practical.

Mrs Thatcher would never have behaved like that in her early days. Indeed some of her closest advisers thought her almost giggling attention to detail was one of her greatest strengths; for example, the rigid insistence on settling the British contribution to the Community budget before developing a European policy. It was the same with her appointments to the Cabinet.

She was never a butcher. She moved gradually, cautiously, letting the people whom she thought were against her fall out one by one and, by and large, they went quietly. Mr James Prior, once one of her foremost critics and even rivals, has now announced that he will be leaving the House of Commons at the next general election.

There was a change last September. Mr Brittan was moved against his will and without advance warning. At the same time, there was considerable resentment amongst ministers about the leaks and innuendoes which went on all last summer about the potential casualties.

Mr Peter Rees, the Chief Secretary to the Treasury, and Mr Patrick Jenkin, the Environment Secretary, learned by rumour that they would be dropped months before they were officially dismissed. Mr Brittan said at the time that he thought the Prime Minister had behaved absolutely scandalously in allowing the rumours to continue without taking action.

In one way, Mr Jenkin's case is similar to his own. Both men have been made scapegoats. Mr Jenkin got into trouble in the House of Commons in his efforts to push through the abolition of the Greater London Council. The legislation was not his idea in the first place, but in the end he succeeded

in getting it passed. He was sacked for his pains.

Mr Brittan emerged as the scapegoat in the Conservative Party this week. Many of his judgments in the Westland affair had been correct. For example, it was he who urged the Prime Minister to make a statement about it earlier on. If she had done so, the Government might not have been in its present difficulties. But Tory loyalty is a strange thing: the Party turned on him and not the leader. In the end he had no honourable choice except to resign.

Yet it is not only Lord Acton's view of power that counts. There is something observable in other leaders, in other countries, that suggests that after about five years the judgment begins to wane. It happened to President Valéry Giscard d'Estaing in France and to Chancellors Brandt and Schmidt in West Germany. Somehow the strain begins to tell, and public confidence ebbs away.

What will happen next? It is essential here to hear in mind the mechanics of political change in this country. The Conservative Party has a huge majority in the House of Commons. It is exceedingly unlikely that many Tories will come down against the Government in a vote of no confidence, which is what Monday's emergency debate amounts to, though some might abstain.

It is also unlikely that there will be any early move to challenge Mrs Thatcher for the leadership. Yet it could happen. Under party rules the leadership is up for the vote every autumn. Since she replaced Mr Edward Heath in 1975, no one has stood against her, although there was some talk of a token challenge last year.

If there is a challenge, however, the rules become very important. To be elected on the first ballot a candidate has to win not only an overall majority, but also a lead over the runner-up equal to 15 per cent of those eligible to vote; that is, Conservative MPs. Other candidates may enter on the second ballot, as did the now Lord Whitelaw against Mrs Thatcher in February 1975 after Mr Heath had withdrawn.

The results incidentally of that second ballot were: Mrs Thatcher 146, William Whitelaw 79, James Prior 19, Sir Geoffrey Howe 19, John Peyton 11 and two votes not cast.

Mrs Thatcher has no obvious successor — there is no Anthony Eden waiting in the wings. If she were to fall under the proverbial bus, it is quite likely that she would be followed by Sir Geoffrey Howe, who has emerged as rather a father figure as Foreign Secretary. But if there were to be a challenge, it is still probable that she would win because insufficient members of the party

Man in the News

Poul Schluter

Gambler with a winning way

By Hilary Barnes in Copenhagen



PRIME MINISTER Poul Schluter of Denmark might be forgiven if he has mixed feelings about the European Community. Hardly had he taken over as Prime Minister in the autumn of 1982 than he was plunged, at his first meeting of the EEC heads of government, into a bitter confrontation with Mrs Thatcher over fisheries policy.

Despite the verbal cuffing he took on that occasion, Mr Schluter stood firm against the other nine until he had won the concessions the Danes were asking for.

His government is now facing another and far more serious crisis over relations with the Community, arising out of the fact that a majority in the Folketing (parliament) is refusing to accept the reforms of the EEC which were agreed at the Community's summit in December. The issue threatens not only the future of Mr Schluter's coalition, but also, in Mr Schluter's view, the future membership of the Community by Denmark.

There is not much doubt that a sizable contingent in the opposition Social Democratic Party believed that they had finally check-mated Mr Schluter on the issue of the EEC reforms, and that when his four-party non-socialist coalition was defeated on an issue of such vital importance it would be forced to call a general election.

They had, however, forgotten that behind the Prime Minister's cheerful and friendly exterior there is a determined politician who on several occasions before has robbed the Opposition of an expected victory.

The 56-year-old Prime Minister clearly regards the EEC issue as too important to become the residual outcome of parliamentary faction fighting. Fed up with parliamentary defeat, he therefore announced that he would appeal over the heads of the parliamentarians to the people by holding a consultative referendum.

If the decision is reminiscent of President de Gaulle, the likeness between the two politicians ends there. There is nothing pompous about Mr Schluter, a lawyer by training, who is a quintessential Danish politician: unshowish, unpretentious and well liked.

He gets on well with almost everyone in the Folketing, not least the leader of the Social Democratic Party, Mr Anker Jørgensen, his predecessor as Prime Minister. No more proof of his winning ways is needed than the fact that he has been able to hold a four-party minority coalition together, with few signs of serious fric-

tion, for almost three-and-a-half years.

Neither does Mr Schluter's decision to hold a referendum reflect a Gaullist disdain with the parliamentary system. To outsiders, the politics of the Folketing, to which nine parties were elected in the last election, are a mystery, but the Danes have an affectionate regard for their parliamentary politics of the kind which all peoples reserve for their national peculiarities. "It's democratic, it's Danish," the Prime Minister observed of the composition of the Folketing in his televised New Year message to the people, just three weeks before he decided to upstage the

assembly by holding a referendum.

The decision to hold such a vote is a gamble. If the electorate reject the EEC reform package, Mr Schluter and his supporters believe that it will be Denmark's first step towards leaving the Community — and that, as even the Social Democrats would agree, would have extremely serious economic consequences for a country as heavily dependent as Denmark on agricultural and fisheries exports.

is faced with an extraordinary parliamentary situation. The coalition is kept in office by the votes of the Radical Party, which supports the Government's economic policy. But the party has a long neutralist and pacifist tradition and votes with the socialist parties on foreign policy.

The Radicals have held the balance between Left and Right for most of the last 50 years, but since 1945 it has not mattered much, as foreign policy was based on a consensus between the main non-socialist parties, including the Prime Minister's conservatives and Foreign Minister Uffe Ellemann-Jensen's Liberals, and the Social Democrats.

But after 1982, the Social Democrats began to drift away from the policies they had pursued when in office, voting with the Radicals and the two other socialist parties to inflict a series of defeats on the Government, notably in relation to Nato's nuclear strategy.

The breakdown in the post-war consensus culminated in December, when the Social Democrats, who took Denmark into the EEC in 1972, rejected the EEC reforms, to almost everyone's surprise. The reforms are as modest as they are mainly because the other members went out of their way to meet Danish wishes.

If the referendum approves the reforms, it will be a major victory for Mr Schluter personally, for his policies — and for European co-operation.

If the verdict goes the other way, it will not necessarily mean the end of the Prime Minister, although the coalition's credibility will suffer. He will stay on, unless turned out by a vote of no confidence in the Folketing, because, as he has explained, he believes his government would be best suited to clearing up the subsequent mess.

NATIONAL FREIGHT CONSORTIUM

"THE ADVANCE ON THE MAIN FINANCIAL FRONTS — TURNOVER, PROFIT AND EARNINGS PER SHARE — HAS DEMONSTRATED THAT PROFESSIONAL MANAGEMENT AND EMPLOYEE OWNERSHIP ARE PROVING A POWERFUL COMMERCIAL COMBINATION"

Sir Peter Thompson, Chairman

1984/85 HIGHLIGHTS

- Turnover £666.9 m (+19%).
- Trading Profit £35.8 m (+54%).
- Profit before tax £28.8 m (+70%).
- Share price nearly doubled in 12 months.
- Dividends up 60%.
- Earnings per share up 58%.
- £96 m invested in the business.
- £17 m provision made for resolution of parcels problems.
- Value of property portfolio increased to £142 m.
- Nearly 4,000 new employee-shareholders.

NFC National Freight Consortium p.l.c. AN EMPLOYEE-OWNED ENTERPRISE

Copies of the Report and Accounts may be obtained from: The Secretary, National Freight Consortium p.l.c., The Meron Centre, 45 St Peter's Street, Bedford MK42 0LB. The Annual General Meeting will be held at 11.30 am, Sunday, February 16th, 1986 at the Royal Centre, Theatre Square, Nottingham.

مكتبة التحويل

... WITH LITTLE RELIEF ON THE ECONOMIC FRONT OR FROM THE WORLD OIL MARKET

Tax cuts: the hopes are evaporating

THE CONVENTIONAL wisdom was always that Britain's transition to a post-oil economy would be a gradual process.

The world's oil and foreign exchange markets this week threatened to shatter that hope.

While Mrs Thatcher battled to contain the political crisis caused by the Westland affair, Mr Nigel Lawson, her Chancellor, had to fight off another rise in interest rates.

Yesterday a semblance of calm returned to the markets and the Government was privately congratulating itself for having kept its nerve.

As recently as last October Mr Lawson was emphasising that the cushion to the trade balance and living standards provided by the North Sea would last into the next century.

Manufacturing industry, severely mauled by the rise in the exchange rate associated with the build-up of Britain's oil wealth, would have plenty of time to adjust.

A gentle decline in the exchange rate would encourage a parallel recovery in other sectors of the economy as oil output ran down.

At the same time the Chancellor poured scorn on an all-party report from the House of Lords urging the Government to take immediate action to stimulate a revival of Britain's manufacturing base.

Nothing since October has suggested that the profile of oil output will change — the Government is adamant that it will not respond to Opec pressure to curb production.

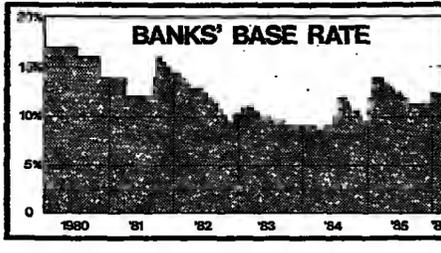
But in this time the price of oil and hence the value of North Sea output — has fallen by 30 per cent.

The implications of this are not all bad — a point which the Treasury anxiously tried to explain this week to the speculators against the pound.

Consumers and industry both benefit from lower oil prices and, providing the pound does not fall too far, the outlook for inflation also improves.

If the value of Britain's oil exports declines — they were worth around \$11bn last year — the current account of the balance of payments will continue to benefit from Britain's self-sufficiency until early in the next century.

Lower oil prices will also provide a boost to world output and world trade and encourage the process of disinflation in indus-



trial economies. But while claiming that the overall impact of lower oil prices on both output and inflation is broadly neutral, the Treasury omitted to mention some of the less welcome effects.

The most immediate is the effect on the Government's finances. At this time last year Mr Lawson was anticipating that he might be able to cut taxes by \$2.5bn in 1986 — equivalent to 3p off the basic rate.

At that stage, though, he was expecting revenues from the North Sea to total \$11.5bn in 1986. The best guess of City economists now is that revenues will total around \$7.5bn.

Unless Mr Lawson is prepared to abandon his strategy of progressive reductions in public borrow, or to impose an additional levy on petrol, the scope for tax cuts now looks like less than a flim.

The Government can always claim that consumers have already received tax cuts in the shape of lower petrol prices — but with its sectoral prospects looking distinctly shaky that is not an argument likely to convince many voters.

The fall in the oil price has telescoped the time-scale during which other sectors of the economy need to produce more to make up for the lower net contribution to the country's wealth from trade in oil.

The medium term implications also pose problems. The significance of this is that after five years of economic growth manufacturing output has still not returned to the levels of 1979 and unemployment remains stubbornly over 3m.

Professor Alan Budd of the London Business School calculates that the slump in the oil

price means that in terms of revenues the economy is now where it might have been expected to be in five or six years' time.

To protect living standards, non-oil industries and services will have to generate additional resources almost instantaneously to make up for the loss of national income resulting from lower oil prices.

If Britain is not to be faced in the 1990s with the balance of payments crises so familiar in pre-oil era, the choice is between consuming and importing less — or producing and exporting more.

Mr Lawson has made it clear on several occasions that he expects the gradual run-down of Britain's oil wealth to be accompanied by a gentle fall in the real exchange rate. But because the drop in the oil price has been much faster than anti-

cipated, he has been prepared to accept a quicker fall in sterling's value.

The risk of such a strategy, many City economists believe, is that the exchange rate could overshoot. While lower oil prices put downward pressure on inflation, too steep a fall in the value of the pound would push up prices across the whole of the economy.

Calculations by Mr Gavyn Davies, a senior economist at broker Simon and Coates, suggest that a 30 per cent fall in the oil price directly re-

duce the retail price index by 0.5 per cent.

Over a period of about a year the separate benefit in terms of falling industrial costs resulting from lower oil prices is likely to be translated into a drop in the retail price index of about 0.75 per cent.

To offset the 1.25 per cent reduction in inflation resulting from lower oil prices, the exchange rate could be allowed to fall by about 4 to 5 per cent without damaging inflation prospects, Mr Davies says.

That suggests that the current trade-weighted value of sterling is towards the bottom end of what the Treasury might regard as an acceptable trading range unless the oil price continues to decline.

The problem facing the Government will be to sustain confidence in financial markets if the preliminary Opec meeting on Monday and the ministerial talks the following week-end trigger further speculation against sterling.

The sterling crisis of last January demonstrated how quickly faith in the Government's commitment to its anti-inflation strategy can be undermined if the Treasury is perceived to be indifferent to a falling pound.

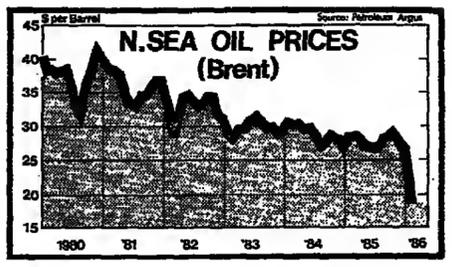
Yesterday morning the Treasury was beginning to win some rare City accolades for its tough stance this week. But they were as usual being accompanied by the usual caveats that Mr Lawson is not out of the woods yet.

In the meantime, the Chancellor will have to do some careful arithmetic to decide whether to sacrifice tax cuts or fiscal rectitude in his March Budget.

However, until each player believes that all the others will take their share of production cuts no-one is likely to be the first to volunteer.

This will be the difficulty next week in the run-up to the meeting of a committee of the Organisation of Petroleum Exporting Countries' ministers scheduled for February 3 in Vienna.

However, there is as yet little confidence that an effective deal can be struck in



Yamani turns the screw

Vienna, and even less certainty whether such a deal would be bonoured.

The basic difficulty confronting all oil producers at present is that while demand for oil is expected to remain essentially flat at around 45.5m barrels a day for this year and next, non-Opec production has been steadily creeping upwards.

Most analysts put the demand for crude oil from the 14 Opec producers at only around 15.4m b/d this year, with demand dropping considerably below this in the spring. However, actual production is probably about 2m b/d above this level.

At around \$16 per barrel, Britain's huge unused capacity of oil-fired power stations would start to become economically viable again. But the question of whether they would actually be started up is a very political one at a time of continued over-capacity in the coal industry and long-term contracts between the electricity supply industry.

So, whether by agreement or by the force of the market, production will have to be curbed.

But as Mr Yamani well knows, there is relatively little that the UK Government could do without understanding with the oil companies. Under the present licence agreement many operators have a guarantee of full production for periods of about five years or sometimes

more in the life of a field. Even after that the Government would have to give notice of six months and then could order production cuts of up to 20 per cent in individual fields.

Overall, therefore, the UK's output of 2.5m b/d might be cut to perhaps 200,000 b/d after a delay of six months or more, if there were the political will to do it, which seems highly unlikely.

A cut of this size, with perhaps a similar cut from Norway's 1m b/d output could only make sense if there were a guarantee of similar restraint by Opec members.

Unfortunately, most of the Arab countries are still talking about the need to maintain a fair "market share" of about 40 per cent. That translates to about 15m b/d, which would be bound to lead to further price declines, if non-Opec producers such as Mexico and Britain continue pumping at the same rate.

In that case, how far could the oil price fall? The pit is deep but not bottomless. On purely economic criteria, most North Sea oil would still be worth pumping at a \$5 per barrel, which represents the operating cost of many existing rigs. Some North American production would become uneconomic at \$18 a barrel, but this would not be enough to restore balance to the market.

The most that Britain is likely to do is to give some informal advice to North Sea operators about the desirability of prolonging, maintenance periods.

But the general attitude seems to be that of one official who said: "It was Opec which pushed the price up above \$30 a barrel. Let Opec deal with the consequences." The problem is that there are also consequences for Mrs Thatcher.

Max Wilkinson

The nation's income

From Mr W. Manser. Sir—Mr Justice Sutherland (January 21) is right in saying that the Government does not absorb GDP.

It is the measure of total production, but since it is, and can only be, measured in £s, it is at the same time a measure of total expenditure. Since it is a measure of total expenditure, then it must, by definition, be a measure of total income.

Therefore, if one is using the term GDP as a statement of total income, then it is perfectly proper to say that the Government has absorbed 40 per cent of it — immaterial whether or not that income has returned to transfer payments, in different form. It is a requisitioning by the Government for whatever purpose it may be, of 40 per cent of the nation's income.

And so, by extension, it is possible to say that the Government has not absorbed but has preempted for its own needs 40 per cent of the nation's output of wealth — which is synonymous with production GDP.

Keep Sunday special

From the Deputy Director, National Consumer Council. Sir—I beg to differ with Dr Michael Schluter (January 21). He denies that the set of proposals on Sunday trading which I attributed to the "Keep Sunday Special Campaign" were in fact published by that campaign.

Yet the words "Keep Sunday Special Coalition" are clearly printed on the cover of the leaflet entitled "Sunday trading: how to tidy up the law." Viscount Brentford, chairman of the coalition committee, is also chairman of the KSSC. The proposal I particularly referred to comes under the heading "Effective penalties."

Dr Schluter goes on to say: "This is just one option. There are others." This is the problem: those opposed to deregulation can't see they do want what exactly they do want. Some advocate Sunday opening, some Sunday opening just for grocery shops, others Sunday opening for DIYs and garden centres. Perhaps Dr Schluter would be better advised to get his left arm checked out with his right arm and decide once and for all what "option" they're backing.

Letters to the Editor

The culture of science. From Dr P. Mitchell. Sir—I write from temporary confinement to a Bart's Hospital bed where, on reading David Fishlock's column "Science research put on the rack" (January 20), I am particularly well placed to appreciate the almost miraculous benefits to humanity of the healing arts of anaesthesia, surgery and medicine (not to mention the Financial Times available at the hospital paper shop) that have returned, like other rational humanitarian skills, through the diligent pursuit of the open-minded kind of practical and theoretical problem-solving enquiry known as scientific research.

Scientific research — long ago mainly amateur, today almost entirely professional — is largely a product of the cultural attitudes and sensibilities of certain members of our society, but it will not continue without special funding.

With all due respect to the scientific establishment, the idea that we can plan our way into a more productive period in Britain — or an inadequate resources of finance and public enthusiasm by centrally organised crystal gazing that will concentrate funds in selected areas of supposedly "productive" research can hardly be consistent with the improvement in the scope and creativity that is required of our scientific cultural activity, even if only because the proposed centrally-determined selectivity will inevitably encroach on the freedom of the imagination and judgment of the working scientists, who may themselves be best able to tell where their research efforts can be most fruitfully directed.

The problem of our scientific culture is not of course, new, and the proposed centrally-directed remedy, which is liable to make matters worse, is not new either. In 1964, during an earlier period of "brain drain," this research foundation was established to enlist public enthusiasm for research. The object was to test the feasibility of an open-world regional solution for the independent pursuit of basic scientific research that would avoid the stultifying effects of central planning and control. This solution has been remarkably successful, judging by the award of the Nobel prize

Perhaps the experiences of our foundation may contain lessons for the future that could be helpful both to research workers and to their public supporters. (Dr) Peter Mitchell. The Glynn Research Foundation, Glynn Research Institute, Bodmin, Cornwall.

Financial fraud. From Mr A. Herd. Sir—It is over two years since you published my letter in which I roundly condemned financial fraud, and urged that early and effective action be taken against the perpetrators of this insidious form of criminal activity.

In the intervening period the incidence of financial malpractice has continued at an unacceptably high level and there have, of course, been further revelations about earlier so-called "scandals," some involving enormous amounts of money.

Regrettably, the treatment meted out to the long-awaited Insolvency Bill during its passage through Parliament has not helped the fight against fraud, probably the reverse, and I believe that the Government must now act decisively if it is to retain any credibility in this murky area.

Publication of the Roskill Committee's report on fraud undoubtedly provides the ideal opportunity for resolute action, as opposed to continuing rhetoric, and I for one will be bitterly disappointed if the principal recommendations of this excellent Report are not translated into effective legislation sooner rather than later.

As it is my belief that Chinese Walls, gamekeepers and poschers are more suited to their natural environment than London's financial market place, I am certainly not convinced that the proposed Financial Services Bill, in its present form and from which Lloyd's has been excluded, has the capability to deter those who are required to make money at the expense of others.

This makes the early implementation of the Roskill proposals a top priority, and one which requires that politicians, financiers, law enforcement agencies and the accountancy and legal professions should

Letters to the Editor

reservedly demonstrate their commitment to combating financial fraud of all kinds, and at all levels. A. P. H. Herd. 20, Strathmore St, Broughty Ferry, Dundee.

Looking for patents. From the Director, Science Reference and Information Service, British Library. Sir—Nick Bunker, referred (January 21) to the holdings of about 25m patent specifications which are held by the British Library's science reference and information service. The thought of searching these to see if something has been invented must be daunting to the most dedicated information seeker.

May I, therefore, assure readers that, should they come to the library, the staff will explain to them how to find the information service. The various indexes and whether an on-line search of electronic databases would help — if so, we can provide it. If the search is complex we can put the client in touch with one of the professional searchers who specialise in this field. For those outside London, a number of other libraries throughout the UK hold patent literature, collaborate closely with us and can offer help and advice. Michael W. Hill. 25 Southampton Buildings, Chancery Lane, WC2.

The price of petrol. From Mr A. Maggs. Sir—Your report (January 18) about a cut in petrol prices in Scotland and Northern Ireland and a comparison with Wales prompts me to ask why, with a few exceptions, prices per gallon in the Plymouth area, until that time, were several pence in excess of £1.90. Your report confirms news that, for example, the Midlands prices have been as low as £1.85 whereas here the norm was around £1.93; and is only now reducing to less than £1.90.

It is difficult to understand why the area has been selected for what are, in comparison with other areas, excessive prices. No oil company has started a process in spite of local

if the reductions now experienced by this area pertain to the whole country then Plymouth and district will again equate with the remoter areas to which your report refers, making prices again among the highest. A. J. Maggs. 25 Wain Park, Plympton, Plymouth, Devon.

Successful offer. From Mr J. Gledhill. Sir—The very interesting numbers of column inches devoted on January 13 to the forthcoming offer of equity in Templeton, Galbraith and Hansberger will, no doubt, have ensured the success of the offer. Has the Stock Exchange and institutional policy on non-voting and restricted voting equity issues changed recently? If not, it is surprising that only a few lines were devoted to imparting the information that while Mr Templeton is selling 25 per cent of the equity, he is retaining 94 per cent of the votes. J. Roger Gledhill. 10, Warlow Park Road, Sheffield.

Capital gains tax. From Mr L. Littman. Sir—Cootroy to Mr Reoulou's expressed view (January 18) the Conservative manifesto of 1979 stated that "we shall deal with the most damaging features of capital gains tax and capital transfer tax and propose a simpler and less oppressive system of capital taxation in the longer term." and on our politics generally will provide incentives to save and build up capital.

That is, in politicians' language, as near a pledge as one can get. Furthermore, Sir Geoffrey Howe, in his first Budget, described capital gains tax as "a capricious and sometimes savage levy upon the capital itself."

Leaving rhetoric aside, Mr Reoulou of the New Statesman and I are really writing from two diametrically opposed political viewpoints. I hold for the concept of a free people whose property and lives are guaranteed them by the fundamental laws of the land, and who freely give to the state what it needs for its basic necessities, and does so in accord with a just system of taxation. It is this view that I deem this Government to stand for, which is why I think it high time that this tax on inflation was abolished. L. T. S. Littman. Ashley Chase House, Ashington, Northumberland. Address

BUILDING SOCIETY RATES

Table with columns for Society Name, Share, Sub/pt, and Other. Lists various building societies like Abbey National, Ald to Thrift, Alliance and Leicester, Anglia, Bantley, Bradford and Bingley, Bristol and West, Britannia, Cardiff, Catholic, Century, Chelsea, Cheltenham and Gloucester, Chestnut, City of London, Coventry, Derbyshire, Frome, Gwatney, Greenwich, Guardian, Halifax, Heart of England, Hemel Hempstead, Hendon, Hinckley and Rugby, Lambeth, Linsington Spa, Leeds and Holbeck, Leeds Permanent, London Permanent, Midlands, Middlesbrough, Monmouth, National Counties, National and Provincial, Nationwide, Newcastle, Northern Rock, Norwich, Pooleham, Peterborough, Portsmouth, Portsmouth Property Owners, Regency, Scarborough, Stratford, Sussex County, Thirsk, Town and Country, Wessex, Woolwich, Yorkshire.

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor.

UK COMPANY NEWS

Increased Macarthy's bid wins approval

Jadelle, a new company formed by a group of investment trusts to mount a takeover bid for Macarthy's Pharmaceuticals, yesterday increased the value of its cash offer by about 5 per cent and won the recommendation of Macarthy's board. The new offer values the company at £38.8m.

The highly unusual bid was mounted with the aim of changing Macarthy's top management. Jadelle intends to maintain the company's stock market listing, and will retain no more than 75 per cent of its shares.

Jadelle and Macarthy's have agreed that Mr Nicholas Ward, until now managing director of a Guinness division, will take over as chairman and chief executive of the company in place of Mr Albert Slow, who will resign from the board. Three Macarthy's non-executive directors will also resign and be replaced by Jadelle figures.

Jadelle is owned by four investment trusts which are investment clients of John Govett, the fund management group: Border & Southern Stockholders Trust, Stockholders Investment Trust, Lake View Investment Trust and General Stockholders Investment Trust.

The initiative for the bid came from Mr Ward, who suggested the idea to John Govett.

The original offer was in ten forms—250p for each ordinary share in Macarthy's or the same sum for one out of every four shares held. The purpose of the partial offer was to give existing shareholders an opportunity to maintain a stake in the company.

Yesterday Jadelle raised its full offer to 275p a share but increased the partial offer to 255p—a unique two-tiered structure which has the approval of the Takeover Panel. Jadelle said it wanted to encourage shareholders to accept the partial offer.

Accepting shareholders will also be entitled to receive Macarthy's 3.5p share interim Shareholders who want to accept for all their shares will be entitled to receive the partial offer for one quarter and the full for the balance. In effect, this will value each Macarthy's share at 275p, before account is taken of the interim dividend. On this basis the offer values the entire group at £36.6m, against £34.9m under the original offer.

Lex Service in £24m disposal of parcels side

Lex Service, the automotive and electronic components distributor, is realising £24m in cash with the sale of Lex Wilkinson, its parcels distribution business, to Federal Express, a large US package delivery company.

Lex Wilkinson employs 1,900 people and operates from 17 depots around the UK. Excluded from the sale is the Lex group's contract distribution business, Lex Systemline, which was binned off from Wilkinson some time ago.

Lex Wilkinson (excluding Systemline) had a turnover of £40.7m in 1985 and operating profits of £3.1m. Lex said yesterday that this was a considerable improvement in performance. However, it had decided to concentrate its resources towards the long term development of its electronic components distribution business and its traditional automotive distribution and leasing business.

Lex said the proceeds of the sale were not earmarked for any particular purpose and would be used initially to reduce debt.

The group had gearing of 39 per cent on June 30, at its half year. However, this rose last autumn when Lex paid £11.9m to buy Almac Electronics, a privately owned US distributor of electronic components.

Last August Lex disclosed a collapse in first half pre-tax profits, from £26.9m to £7.9m, which it blamed on a downturn in demand for semiconductor products. The £20.7m increase of £4m for Lex Wilkinson's share capital, £5.5m for the sale of properties used but not already owned by Wilkinson, and £14.2m for the repayment to Lex of inter-company debt.

The price reflects the net asset value of Lex Wilkinson and the net book value of the properties in the December 1985 accounts, plus £4.4m to reflect the market value of the high cost half-worn and other minor adjustments.

The deal represents a substantial step into the UK market for Federal Express, which has used Lex Wilkinson as its delivering agent in Britain since last year.

Case cuts jobs as losses mount

By Richard Tomkins

Case Group, the Watford-based manufacturer of data communications systems, yesterday announced that its second-half performance would produce a profit for the current trading year, and announced job losses of 235 in the UK and US.

Following a disappointing third quarter, the directors of Case expect a substantial group loss for the year, the company said. Its shares closed at 104p, down 9p.

Last November, Case reported a loss of £2.4m for the year ended September, compared with profits of £4.2m the previous year. Mr Duocan Fitzwilliams, the chairman, blamed the heavy costs of establishing his US venture as a major network equipment supplier, but said the latest two months' trading had brought a marked rise in order bookings.

Yesterday, Case said that US sales were growing, but at a lower rate than expected, and this combined with the high costs of achieving the desired market penetration would bring substantial losses.

Orders booked in the US in the third quarter were about £21m (£13m) against £15m in the second quarter, but shipments against some of the orders gained would be made within the year ending in March.

Mr Peter Burton, the managing director, said "With hindsight, we were over-optimistic about the level of orders and over-optimistic about the number of deliveries which would be made in a timely and reliable way. We assumed we would have a much better book-to-bill ratio than we achieved."

Case said the sales of its UK operation had continued to grow and that the business was profitable, but overheads had been built up to a level of turnover that had not materialised, and profits were lower than planned.

The group said it was taking immediate steps to cut costs, including a reduction of 12 per cent in its workforce. Ten UK employees who left during January had not been replaced.

Case said the sales of its UK operation had continued to grow and that the business was profitable, but overheads had been built up to a level of turnover that had not materialised, and profits were lower than planned.

THE GUINNESS BID FOR DISTILLERS
Argyll considers legal action

THE Argyll Group, which saw its £1.8bn bid for Distillers earlier this week topped by Guinness's £2.2bn bid, said last night it was considering legal action to stop Distillers' shareholders having to foot Guinness's underwriting bill, writes David Goodhart and Lionel Barber.

In an article on Thursday that Distillers had reluctantly agreed to the unusual move as part of the last minute negotiations over the proposed merger last Sunday, Mr Bill Spengler, Distillers' deputy chairman, said the company had agreed to carry the financial burden of the underwriting "because we are all one company." If the bid is blocked by the Monopolies and Mergers Commission the underwriting costs will be about £14m and if successful it will cost about £65m.

Mr Rupert Foure Walker, of Argyll's merchant bank Samuel Montagu, said: "This is absolutely disgraceful. It means that the Distillers board have slipped £14m of shareholders' money into Guinness's sticky fingers simply to frustrate Argyll." He added that if Guinness was as confident as it claims about avoiding a reference to the MMC then it would have taken on the underwriting costs in the normal way.

Argyll said it was considering taking up the issue in the courts and with the Take-Over Panel. "We will make sure that whatever happens the shareholders get their money back," said Foure Walker.

Mr Spengler said that legal advice had been taken before the decision was made. Distillers' two merchant banks said it was not a major issue.

Several financial institutions expressed disquiet about Distillers' decision to accept the cost—which became a condition for Guinness of the deal going through. However, another financial institution said they were taking a relaxed view. "If Guinness wins the case will be borne by the same company. If Distillers retains its independence, then shareholders may feel it is a reasonable price to pay."

One senior institutional fund manager said: "This is a novel change in traditional underwriting techniques and should be looked at very carefully. It does not reflect well on the Distillers board." Some members of the proposed joint board, including Sir Thomas Risk, the Governor of the Bank of Scotland, are understood not to have known about the arrangement.

Another major financial institution which participated in the sub-underwriting of the Guinness offer on Monday said: "We were not made aware of this and we will be asking a number of questions."

Yesterday, Morgan Grenfell, Guinness's advisors, bought 12m Distillers shares at just over 573p each costing around £68m. Together with 100,000 Distillers shares owned by Guinness, this raises the brewer's stake in the international Scotch whisky and gin business to around 3.3 per cent.

Mr Ernest Saunders, the Guinness chief executive, wanted to thoroughly disrupt the deal. True to his word at ten o'clock that night the company's black Daimler was gliding along the M3 towards the Walton-on-Thames home of Mr Connell, the chairman of Distillers. The two men had met several times over the previous weeks. Mr Connell was accompanied by a number of Argyll and legal advisers all straining to pull together Britain's biggest ever takeover bid in record time.

Mr Connell and Saunders claim they cannot remember which side took the initiative, but Mr Connell said he was not in a mood to join the celebration between (left to right): Mr John Connell, Distillers' chairman, Sir Thomas Risk, Governor of Bank of Scotland, and Mr Ernest Saunders, chief executive of Guinness.

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David Goodhart and Lionel Barber on how the deal was struck
A midnight whisky in Walton



Mr James Gulliver, chairman of Argyll, in no mood to join the celebration between (left to right): Mr John Connell, Distillers' chairman, Sir Thomas Risk, Governor of Bank of Scotland, and Mr Ernest Saunders, chief executive of Guinness.

Watsham's calls for £9.2m as interim profits soar

By Lucy Kellaway

Watsham's, manufacturer of optical, electronic and industrial safety equipment and distributor of medical supplies, is raising £9.2m by a one-for-three rights issue at 140p. The company has also announced a record half year profit of £1.2m compared with £723,000.

The proceeds will be used, in part, to repay borrowings of £3m, resulting from investment during the past year in new plant for both optical and electronic divisions, and the acquisition of Watson's Technical Services.

The remainder will go towards further expansion, both through a planned series of small acquisitions of complementary companies in the UK and overseas, and through expanding existing activities.

The profit for the year was achieved on turnover up from £7.1m to £11.9m. The figures have been restated to reflect a change in accounting policy whereby all development costs are now written-off during the year in which they occurred. This has reduced 1985 interim profits by £207,000 (£115,000).

The company says that the performance of both technical and medical divisions during the first half was to line with its internal forecasts. The integration of Lontec—which Watsham's bought from John Menzies in 1984 for £7m—with the technical division, has already started to yield benefits, although the bulk of the benefits will be enjoyed in future years.

The board reports that the second half has started well, and expects satisfactory results.

The shares closed yesterday at 175p, up 3p.

The interim dividend is 1.2p (0.3p), and the total dividend recommended a final of 2.4p (2.1p).

Profit attributable to shareholders was £723,000 (£371,000) after charging tax of £34,000 (£34,000), and extraordinary charges of £16,000 (£23,000).

The rights issue has been underwritten by Noble Grossart and stockbrokers are James Capel.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Fri Jan 24 1986				1985/86				Since Completion										
	Index	Day's Change %	Year's Change %	1986 to date	Index	High	Low	Index	High	Low	Index								
1 CAPITAL GOODS (214)	573.45	+0.8	10.08	4.01	12.25	0.86	549.02	574.53	548.77	556.72	590.07	611.06	483.39	257.05	390.07	611.06	50.71	13/2/74	
2 Building Materials (224)	616.65	+0.6	10.68	4.40	13.73	0.60	613.05	618.41	617.92	596.38	651.74	261/10/85	472.11	267/8/85	651.74	261/10/85	74.27	12/2/74	
3 Construction (224)	913.34	+0.2	10.44	4.42	11.01	0.67	911.08	914.41	916.89	746.67	963.49	301/10/85	608.17	617.83	963.49	301/10/85	74.28	12/2/74	
4 Electricals (13)	397.59	+0.2	3.27	4.21	14.06	0.30	397.29	398.13	397.14	329.36	407.65	376/8/85	347.1	256/6/85	407.65	376/8/85	122.81	25/6/82	
5 Electronics (39)	1387.38	+0.1	10.76	3.77	12.18	0.06	1387.91	1413.37	1422.71	1295.44	1577.48	911.05	1229.01	81/10/85	1577.48	911.05	1229.01	81/10/85	
6 Mechanical Engineering (163)	322.13	+0.1	10.51	4.55	11.34	0.13	316.43	318.35	317.65	255.91	336.97	251/10/85	263.85	251/10/85	336.97	251/10/85	64.3	5/1/73	
7 Metals and Metal Working (7)	255.08	+0.1	8.44	6.41	14.13	0.06	251.14	255.21	252.71	179.80	256.29	171/10/85	165.88	147/8/85	256.29	171/10/85	49.65	6/1/75	
8 Motors (118)	219.26	+2.3	10.88	4.34	13.18	0.06	214.94	214.16	212.05	159.39	219.26	141/8/85	145.31	31/8/85	219.26	141/8/85	19.71	6/1/75	
9 Other Industrial Materials (22)	1094.57	+1.6	7.23	3.39	16.48	0.07	1075.25	1075.74	1074.73	828.68	1094.57	828.68	51/8/85	1094.57	828.68	51/8/85	277.55	15/10/84	
10 CONSUMER GROUPS (128)	754.75	+0.4	6.82	3.46	14.28	0.07	752.62	752.13	750.14	649.96	754.75	649.96	31/8/85	754.75	649.96	31/8/85	61.81	13/2/74	
11 Bricks and Tiles (23)	78.11	+0.7	3.78	3.77	13.18	0.07	77.32	77.56	76.74	59.11	78.11	59.11	52.3	31/8/85	78.11	52.3	31/8/85	61.77	
12 Food Manufacturing (22)	557.84	+0.2	10.80	4.54	12.00	0.16	556.10	559.91	558.10	546.42	570.26	291/10/85	471.62	297/8/85	570.26	291/10/85	59.67	11/2/74	
23 Food Retailing (14)	1458.74	+0.4	9.35	2.75	13.54	2.92	1446.46	1453.56	1429.83	1400.36	1458.74	1400.36	11/8/85	1458.74	1400.36	11/8/85	54.25	11/2/74	
24 Health and Household Products (7)	1263.32	+0.1	6.05	2.69	19.09	0.02	1262.29	1263.50	1261.78	1077.21	1263.32	1077.21	11/8/85	1263.32	1077.21	11/8/85	173.36	28/5/80	
29 Leisure (25)	731.17	+0.1	7.66	4.70	16.46	0.55	732.11	744.74	741.85	617.23	731.17	617.23	996.65	127/8/85	731.17	996.65	127/8/85	54.83	9/1/75
32 Publishing and Printing (13)	1055.61	+0.1	6.64	4.91	14.54	2.36	1055.53	1066.38	1066.37	1008.66	1119.61	1008.66	51/8/85	1119.61	1008.66	51/8/85	60.81	13/2/74	
33 Packaging and Paper (13)	345.50	+0.1	6.78	3.97	13.08	0.06	344.88	348.38	344.31	319.48	345.50	319.48	28.3	31/8/85	345.50	28.3	31/8/85	61.77	
34 Textiles (14)	713.90	+0.9	7.87	3.03	18.50	0.05	707.79	715.83	714.00	604.96	713.90	604.96	251/10/85	529.47	192/8/85	713.90	251/10/85	62.83	6/1/75
35 Textiles (14)	416.72	+0.3	10.65	4.12	16.85	0.06	415.29	418.21	416.26	336.46	416.72	336.46	29/8/85	416.72	336.46	29/8/85	62.84	11/2/74	
36 Tobacco (3)	395.57	+0.4	14.87	5.75	7.89	0.06	390.71	394.90	394.73	308.69	395.57	308.69	8/2/85	395.57	308.69	8/2/85	94.34	13/6/82	
41 OTHER GROUPS (84)	703.44	+0.3	9.77	4.53	13.93	0.05	699.61	703.52	703.52	674.99	703.44	674.99	685.99	31/8/85	703.44	674.99	31/8/85	58.69	6/1/75
42 Chemicals (19)	744.88	+0.7	13.18	5.99	15.83	0.06	742.69	745.88	742.69	622.46	744.88	622.46	252/8/85	744.88	622.46	252/8/85	72.99	11/2/74	
43 Consumer Goods (19)	287.92	+0.1	7.88	4.25	15.53	0.06	286.97	291.34	286.96	176.74	287.92	176.74	152.9	31/8/85	287.92	152.9	31/8/85	61.77	
44 Shipping and Transport (12)	1339.60	+0.7	7.64	3.37	16.21	0.06	1336.89	1344.64	1338.97	1124.69	1339.60	1124.69	50/8/85	1339.60	1124.69	50/8/85	90.80	29/6/82	
45 Telephone Networks (2)	848.39	+0.3	7.71	4.83	14.22	0.06	845.73	854.67	854.67	813.81	848.39	813.81	701.92	31/8/85	848.39	701.92	31/8/85	57.39	30/11/84
46 Miscellaneous (47)	871.24	+0.4	9.36	3.70	15.55	0.06	868.33	877.61	874.98	790.13	871.24	790.13	787.88	297/8/85	871.24	787.88	297/8/85	64.39	6/1/75
49 INDUSTRIAL GROUP (88)	701.40	+0.4	9.35	2.75	13.54	0.20	698.32	701.31	698.32	573.27	701.40	573.27	51/8/85	701.40	51/8/85	51/8/85	59.81	13/2/74	
51 Oil & Gas (19)	1139.13	+2.5	18.13	7.68	12.81	0.06	1132.97	1133.34	1135.67	1086.21	1139.13	1086.21	1042.21	195/8/85	1139.13	1042.21	195/8/85	87.23	29/6/82
59 500 SHARE INDEX (500)	738.05	+0.6	10.41	4.33	12.81	0.13	734.65	734.13	730.19	636.21	738.05	636.21	536.99	31/8/85	738.05	536.99	31/8/85	65.49	13/2/74
61 FINANCIAL GROUP (119)	598.60	+0.2	11.82	4.75	7.93	0.03	597.25	597.27	593.43	482.88	598.60	482.88	491.10	41/8/85	598.60	491.10	41/8/85	55.88	13/2/74
62 Life Assurance (19)	514.08	+0.1	11.82	4.75	7.93	0.06	512.17	516.45	514.99	428.91	514.08	428.91	428.91	31/8/85	514.08	428.91	31/8/85	52.44	12/2/74
63 Insurance (17)	765.93	+0.2	11.82	4.75	7.93	0.06	765.18	773.68	767.97	599.19	765.93	599.19	586.95	31/8/85	765.93	586.95	31/8/85	44.88	21/1/75
64 Insurance (Composite) (7)	407.58	+0.2	11.82	4.75	7.93	0.06	406.82	418.25	409.88	344.13	407.58	344.13	303.34	25/8/85	407.58	303.34	25/8/85	49.56	13/2/74
65 Insurance (Brokers) (11)	1229.27	+0.2	6.87	3.47	19.45	0.05	1227.71	1231.93	1229.27	1109.29	1229.27	1109.29	1089.26	297/8/85	1229.27	1089.26	297/8/85	66.26	16/2/74
66 Merchant Banks (11)	273.36	+0.2	11.82	4.75	7.93	0.06	272.78	280.42	280.42	236.93	273.36								

INTERNATIONAL COMPANIES and FINANCE

Siemens opens talks with French telecom group

BY PETER BRUCE IN BONN AND DAVID MARSH IN PARIS

SIEMENS, West Germany's largest telecommunications and electronics group, said yesterday it was holding "exploratory talks" with CGCT, France's second largest telecommunications equipment supplier.

Deutsche Bank in Flick move

BY JOHN DAVIES IN FRANKFURT

MR FRIEDRICH KARL FLICK, the West German businessman, may receive more than the DM 5bn (\$2.1m) or so agreed on for the sale of his main business interests.

CGE profits soar on higher sales

BY DAVID MARSH IN PARIS

COMPAGNIE Generale d'Electricite, the French nationalised electronics, energy and engineering group, registered a 25 per cent increase in net profits for 1981 to close at FF 1.3bn (\$153m) from FF 797m in 1980.

North BH claims institutions' support

BY OUR FINANCIAL STAFF

NORTH BROKEN HILL Holdings, the Australian investment and mining group, yesterday pursued its counter-offensive against the A\$2.50-a-share partial bid for the company by Mr Ron Brierley's Industrial Equity Ltd.

Singapore to toughen securities legislation

THE Monetary Authority of Singapore (MAS), the island state's bank regulatory agency, is to have its already considerable powers greatly expanded under the new Securities Industries Bill now before parliament.

Philip Morris sells Seven-Up to Pepsi

BY WILLIAM HALL IN NEW YORK

PEPSICO, the second biggest US soft drinks group, is buying Seven-Up, its smaller and less profitable rival, for \$380m. The move is likely to intensify the battle for market leadership in the competitive \$2.6bn a year US soft drinks industry.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., Feb., Last, Vol., May, Last, Vol., Aug., Last, Stock.

CooperVision to buy Rorer's surgical units

BY PAUL TAYLOR IN NEW YORK

COOPERVISION, the US eye care group, agreed yesterday to acquire Rorer Group's surgical products subsidiaries for \$350m in cash.

Swiss hotels group has good year

By John Wicks in Zurich

MOEVENPICK, the Swiss restaurant and hotel concern, had an "unusually good year" in 1981.

Charges hamper Motorola

BY OUR FINANCIAL STAFF

MOTOROLA, the big US semiconductor and electronics group, saw net profits virtually halved in the fourth quarter of 1981, reflecting \$22m in special costs.

BASE LENDING RATES table listing various banks and their rates for different terms.

Granville & Co. Limited

Over-the-Counter Market table listing various companies and their prices.

Wood Gundy Inc.

30 Finsbury Square, London EC2A 1SB has available a manual of selected U.S. and Canadian share prices as at 31 March 1982 for capital gains tax computations.

LONDON TRADED OPTIONS

Large table of LONDON TRADED OPTIONS with columns for Option, CALLS, PUTS, and various dates.

NORTH AMERICAN QUARTERLIES

Table of NORTH AMERICAN QUARTERLIES listing companies like H. F. ARMSTRONG, LIGSEY-OWENS-FORD, etc.

Gould deeply in red

BY OUR FINANCIAL STAFF

GOULD, the big US electronics group, is taking a \$74.9m charge in its fourth quarter, mainly reflecting the proposed sale of its property and graphics plotter businesses.

ARE YOU MAKING 14% ON YOUR MONEY?

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CURRENCIES AND MONEY COMMODITIES AND AGRICULTURE

FOREIGN EXCHANGES

Dollar loses ground

The dollar fell quite sharply yesterday afternoon following comments made by the Japanese finance minister that a yen/dollar rate of ¥180 would be acceptable. This added to the dollar's recent bearish undertone with some dealers suggesting that the Japanese were looking for a firm yen in order to facilitate a fall in domestic Japanese interest rates. Consequently the dollar came on after during the afternoon and finished at its lowest closing level since February 1979 at ¥190 down from ¥202.00 on Thursday.

£ IN NEW YORK (LATEST)

Table showing closing rates for £ in New York, including 1 month, 3 months, and 6 months forward rates.

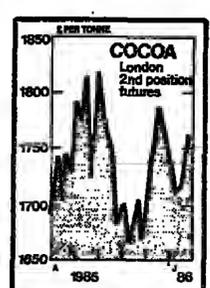
calls for a rise in clearing bank base rates, emphasizing its determination by taking the unusual step of rejecting all bids at the weekly Treasury bill tender. Opec ministers are due to meet on February 3 but the market is less than convinced of the authorities' ability to hold down interest rates and at the same time avoid a sharp fall in the value of sterling. Yesterday the pound's exchange rate index finished unchanged at 74.3. Against the dollar it rose to \$1.935-1.945, up 95 points from Thursday but suffered in terms of the D-mark, finishing at a record closing low of DM 3.3725, down from DM 3.3950. Elsewhere it slipped to ¥273.25 from ¥273.50 and SFR 2.8225 compared with SFR 2.8275. Against the French franc it is listed at FF 10.3850 from FF 10.4125.

REVIEW OF THE WEEK

World sugar price advances \$20

SUGAR MOVED to centre stage on the commodities scene this week as coffee futures traders paused for breath following the spectacular price movements of the past month. Several factors contributed to the advance, which took to London daily sugar price (p 20) to \$136.50 a tonne. First there was news of India returning to the market as a buyer - though it found the price asked too steep and rejected all offers - and secondly the most significant item of bullish news this week was the publication by the U.S. of Lieht, the West German sugar statistics agency, of a revised world production estimate for the 1985-86 crop season. It forecast output at 97.2m tonnes, some 500,000 tonnes below the figure it predicted back in October, which was already well down from its estimate for the 1984-85 season of 101m tonnes. By its own recent standards the coffee market had a quiet week. The trading range on the March position was just under £200 and turnover was well

down - in fact yesterday's volume of 4,515 lots was the lowest since early December. March coffee managed to regain £134.50 at last week's \$466.50 fall but at £2,552 a tonne it was still nearly \$550 below peak reached a few weeks ago. This relatively lacklustre performance was in part due to a natural tendency for the market to consolidate following the wild gyrations it has experienced of late. But it was also influenced by uncertainty surrounding a meeting of the International Coffee Organisation's executive board, which is scheduled to meet in the first half of the week. But the market did finish with a strong tone, aided by suggestions that US labour contract negotiations could begin to have an influence on production soon. The first negotiation is at Alcoa's Sebea, Kentucky, smelter, where the contract expires at the end of January. On the copper market cash higher grade metal reached a four-month high of £1,015.50 a tonne at one stage before ending the week £137.50 up on balance at £1,018.25 a tonne. Apart from the currency factor the rise was influenced by rumours of Chinese demand and by expectations of Peruvian mine strikes on Monday. Dealers also noted that chart analysts were projecting a test of resistance at £1,050 for the three months position, which ended the week just £75 below that level. If the £1,050 level was breached further gains could be on the cards, they suggested.



US MARKETS

PRECIOUS METALS firmed on good buying linked to currency markets along with concern that tension between Libya and the US could flare up again, reports the Metal Commodities. The sharp increase in durable goods orders sparked fresh buying in aluminium and copper. Sugar came under scattered pressure from trade selling and profit-taking following Thursday's sharp gains. Coffee moved sharply higher on the failure to suspend export quota and good trade buying. Cocoa remained steady in light arbitrage buying. A pick-up in cash movement led to sharp losses in cotton. The energy complex registered more modest losses on weak fundamentals. The grain complex closed sharply lower in response to the prospect of a reduced delivery payments will be made in grain.

Table showing ORANGE JUICE 15,000 lb. cents/100, with columns for Month, Close, High, Low, and Prev.

Table showing PLATINUM 500 troy oz. \$/troy oz, with columns for Month, Close, High, Low, and Prev.

Table showing SILVER 3,000 troy oz. cents/troy oz, with columns for Month, Close, High, Low, and Prev.

Table showing SUGAR WORLD 11,000 metric tons/cent, with columns for Month, Close, High, Low, and Prev.

Table showing NEW YORK ALUMINIUM 40,000 lb. cents/lb, with columns for Month, Close, High, Low, and Prev.

Table showing CHICAGO LIVE CATTLE 40,000 lbs. cents/lb, with columns for Month, Close, High, Low, and Prev.

Table showing LIVE HOGS 30,000 lbs. cents/lb, with columns for Month, Close, High, Low, and Prev.

Table showing MAIZE 5000 bu. cents/bu, with columns for Month, Close, High, Low, and Prev.

Table showing COPPER 25,000 lb. cents/lb, with columns for Month, Close, High, Low, and Prev.

Table showing DOW JONES, with columns for Date, Close, High, Low, and Prev.

Table showing SOYBEAN MEAL, with columns for Month, Close, High, Low, and Prev.

Table showing SUGAR, with columns for Month, Close, High, Low, and Prev.

Table showing COCOA, with columns for Month, Close, High, Low, and Prev.

Table showing WHEAT, with columns for Month, Close, High, Low, and Prev.

Table showing BARLEY, with columns for Month, Close, High, Low, and Prev.

Table showing FREIGHT FUTURES, with columns for Month, Close, High, Low, and Prev.

Table showing RUBBER, with columns for Month, Close, High, Low, and Prev.

Table showing MEAT, with columns for Month, Close, High, Low, and Prev.

Table showing GRAINS, with columns for Month, Close, High, Low, and Prev.

Table showing POTATOES, with columns for Month, Close, High, Low, and Prev.

Table showing ZINC, with columns for Month, Close, High, Low, and Prev.

Table showing ALUMINIUM, with columns for Month, Close, High, Low, and Prev.

Table showing GOLD, with columns for Month, Close, High, Low, and Prev.

STERLING INDEX

Table showing Sterling Index for various countries like UK, Ireland, Canada, etc.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Table showing Dollar Spot-Forward Against Dollar for various countries like UK, Ireland, Canada, etc.

CURRENCY RATES

Table showing Currency Rates for various countries like Sterling, U.S., Canadian, etc.

POUND SPOT-FORWARD AGAINST POUND

Table showing Pound Spot-Forward Against Pound for various countries like US, Canada, etc.

CURRENCY MOVEMENTS

Table showing Currency Movements for various countries like Sterling, U.S., Canadian, etc.

EURO-CURRENCY INTEREST RATES

Table showing Euro-Currency Interest Rates for various currencies like Sterling, U.S., etc.

OTHER CURRENCIES

Table showing Other Currencies for various countries like Argentina, Australia, etc.

EXCHANGE CROSS RATES

Table showing Exchange Cross Rates for various currencies like £/\$, £/DM, etc.

MONEY MARKETS

Bank forces the point

The Bank of England reinforced its determination to avoid a further rise in clearing bank base rates yesterday as weekly offers made at the Treasury bill tender were for the first time since March 1985. While discount houses discharged their obligation to subscribe for the full £100m on offer, the Bank was not prepared to allocate bills in the average rate of discount. Clearly the market was less than enthusiastic about the current rate's ability to maintain current levels while the Bank appeared equally determined to ride out the current storm. The prospect of lower oil prices was quickly becoming a reality while the crisis within the Cabinet appeared to feature as

shortage of around £500m and the Bank gave assistance in the morning of £512m comprising purchases of £1m of eligible bank bills at 12 1/2% per cent and in band 2 £1m of local authority bills at 12 1/2% per cent and £153m of eligible bank bills at 12 1/2% per cent. There was no further assistance given in the afternoon. In band 3 it bought £10m

FT LONDON INTERBANK FIXING

Table showing FT London Interbank Fixing for various currencies like £/\$, £/DM, etc.

MONEY RATES

Table showing Money Rates for various currencies like Frankfurt, Paris, Zurich, etc.

LONDON MONEY RATES

Table showing London Money Rates for various currencies like 1 month, 3 months, 6 months, etc.

WEEKLY PRICE CHANGES

Table showing Weekly Price Changes for various commodities like Metals, Grains, Oils, etc.

INDICES

Table showing Indices for various markets like London, New York, etc.

REUTERS

Table showing Reuters for various markets like London, New York, etc.

DOW JONES

Table showing Dow Jones for various markets like London, New York, etc.

SOYBEAN MEAL

Table showing Soybean Meal for various markets like London, New York, etc.

SUGAR

Table showing Sugar for various markets like London, New York, etc.

ALUMINIUM

Table showing Aluminium for various markets like London, New York, etc.

GOLD

Table showing Gold for various markets like London, New York, etc.

COPPER

Table showing Copper for various markets like London, New York, etc.

GOLD AND PLATINUM COINS

Table showing Gold and Platinum Coins for various markets like London, New York, etc.

LEAD

Table showing Lead for various markets like London, New York, etc.

NICKEL

Table showing Nickel for various markets like London, New York, etc.

ZINC

Table showing Zinc for various markets like London, New York, etc.

COCOA

Table showing Cocoa for various markets like London, New York, etc.

COFFEE

Table showing Coffee for various markets like London, New York, etc.

SPOT PRICES

Table showing Spot Prices for various commodities like Oil, etc.

POTATOES

Table showing Potatoes for various markets like London, New York, etc.

RUBBER

Table showing Rubber for various markets like London, New York, etc.

MEAT

Table showing Meat for various markets like London, New York, etc.

GRAINS

Table showing Grains for various markets like London, New York, etc.

STOCK EXCHANGE DEALINGS

Details of business done below have been taken with consent from Thursday's Stock Exchange Official List and should not be reproduced without permission.

Table of stock exchange dealings including various shares and their prices.

Table of stock exchange dealings, continuing from the previous section.

Table of stock exchange dealings, continuing from the previous section.

Table of stock exchange dealings, continuing from the previous section.

Table of stock exchange dealings, continuing from the previous section.

Table of stock exchange dealings, continuing from the previous section.

they are not in order of ascending order which denotes the day's highest and lowest dealing prices.

Table of stock exchange dealings, continuing from the previous section.

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Table of stock exchange dealings, continuing from the previous section.

Table of stock exchange dealings, continuing from the previous section.

Table of stock exchange dealings, continuing from the previous section.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts and their performance metrics, including columns for name, value, and change.

Advertisement for MHA (Methodist Homes for the Aged) featuring a photograph of an elderly woman and text describing their services.

Vertical text on the right edge of the page, possibly a page number or additional page information.

AUTHORISED UNIT TRUSTS & INSURANCES

Main table containing financial data for various unit trusts and insurance companies, including names, addresses, and performance metrics.

INSURANCES

Table listing various insurance policies and providers, including details on coverage and terms.

Handwritten text at the bottom of the page, possibly a signature or note.

INSURANCE, OVERSEAS & MONEY FUNDS

Table of insurance and overseas funds including Scottish Mutual Investments, Sun Life Unit Assurance, Swiss Life, and various international funds.

Main table of insurance, overseas, and money funds including The English Trust Group, Equity & Law International, and numerous international and specialty funds.

Table of money market bank accounts and options including Money Market Bank Accounts, 3-month call rates, and various bank services.

Vertical text on the right edge of the page, possibly a page number or additional page indicator.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont. DRAPERY & STORES - Cont.

Table with columns for company names, stock prices, and changes. Includes sections for BUILDING, TIMBER, ROADS, DRAPERY & STORES, and ELECTRICALS.

Table with columns for company names, stock prices, and changes. Includes sections for CHEMICALS, PLASTICS, and DRAPERY AND STORES.

Table with columns for company names, stock prices, and changes. Includes sections for DRAPERY AND STORES and FOOD, GROCERIES, ETC.

Table with columns for company names, stock prices, and changes. Includes sections for DRAPERY AND STORES and FOOD, GROCERIES, ETC.

Table with columns for company names, stock prices, and changes. Includes sections for DRAPERY AND STORES and FOOD, GROCERIES, ETC.

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Table with columns for company names, stock prices, and changes. Includes sections for DRAPERY AND STORES and FOOD, GROCERIES, ETC.

Financial Times Saturday January 25 1986

Engineering - Continued Industrial - Continued

Table with columns for company names, stock prices, and changes. Includes sections for ENGINEERING and INDUSTRIAL.

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Table with columns for company names, stock prices, and changes. Includes sections for ENGINEERING and INDUSTRIAL.

BRITISH FUNDS

Table with columns for fund names, prices, and changes. Includes sections for SHORTS (Lives up to Five Years) and FIVE TO FIFTEEN YEARS.

Table with columns for fund names, prices, and changes. Includes sections for FIVE TO FIFTEEN YEARS and OVER FIFTEEN YEARS.

Table with columns for fund names, prices, and changes. Includes sections for OVER FIFTEEN YEARS and UNDATED.

Table with columns for fund names, prices, and changes. Includes sections for UNDATED and INDEX-LINKED.

Table with columns for fund names, prices, and changes. Includes sections for INDEX-LINKED and INT. BANK AND OSEAS GOVT STERLING ISSUES.

Table with columns for fund names, prices, and changes. Includes sections for INT. BANK AND OSEAS GOVT STERLING ISSUES and CORPORATIONS LOANS.

Table with columns for fund names, prices, and changes. Includes sections for CORPORATIONS LOANS and COMMONWEALTH & AFRICAN LOANS.

Table with columns for fund names, prices, and changes. Includes sections for COMMONWEALTH & AFRICAN LOANS and LOANS.

Table with columns for fund names, prices, and changes. Includes sections for LOANS and FOREIGN BONDS & RAILS.

AMERICANS - Cont. BUILDING, TIMBER, ROADS - Cont.

AMERICANS - Cont. BUILDING, TIMBER, ROADS - Cont.

AMERICANS - Cont. BUILDING, TIMBER, ROADS - Cont.

AMERICANS - Cont. BUILDING, TIMBER, ROADS - Cont.

AMERICANS - Cont. BUILDING, TIMBER, ROADS - Cont.

AMERICANS - Cont. BUILDING, TIMBER, ROADS - Cont.

Handwritten text in Arabic script: "مكتبة التحويل"

INDUSTRIALS - Continued

Table of industrial stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

LEISURE - Continued

Table of leisure stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

PROPERTY - Continued

Table of property stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

INVESTMENT TRUSTS - Cont.

Table of investment trusts including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

FINANCE, LAND - Cont.

Table of finance and land stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

MINES - Continued

Table of mine stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

Commercial Vehicles

Table of commercial vehicle stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

Components

Table of component stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

Garages and Distributors

Table of garage and distributor stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

INSURANCES

Table of insurance stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

PROPERTY

Table of property stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

TOBACCO

Table of tobacco stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

PLANTATIONS

Table of plantation stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

LEISURE

Table of leisure stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

PROPERTY

Table of property stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

INVESTMENT TRUSTS

Table of investment trusts including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

FINANCE, LAND, etc

Table of finance, land, and other stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

PLANTATIONS

Table of plantation stocks including companies like Anglo-Siam, Anglo-Siam, Anglo-Siam, etc. with columns for price, change, and volume.

Notes and miscellaneous information at the bottom of the page, including company announcements and market commentary.

Wardley KNOWS money doesn't grow on trees

You need a world of experience... see this page...

FINANCIAL TIMES

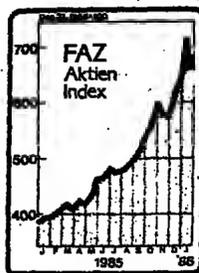
Saturday January 25 1986

You need a world of experience to make your money grow! Wardley KNOWS HOW see this page

THE LEX COLUMN

Poison pint from DCL

Index rose 5.8 to 1126.2



Treasury. Regular intervention in the currency markets is likely to have dented the reserves badly before it was abandoned and the next money figures are widely expected in the Mansion House speech in favour of the Chancellor's judgment but when sterling is on the skids the money stock is probably growing twice as fast as nominal GDP and the oil revenue sums are impossible to calculate. Confidence in that judgment will shortly require something in the way of clarification.

German equities

The staid old Frankfurt stock market has never known anything like it. In the first four days of this week, the FAZ index lost almost 8 per cent of its value, the sort of movement which has historically taken months to achieve. Yesterday the index made good more than half of that loss in a single trading session. Hong Kong, it seems has come to Frankfurt.

The West German equity market is displaying much the same symptoms as other European exchanges that have attracted foreign buying interest. Net foreign purchases of German equity have built up from DM 500m in 1982 to a figure of almost DM 10bn last year. This time last year Frankfurt was by an international standard a cheap market; and with the chemical sector offering a higher yield to domestic investors than D-Mark bonds, many would argue that it still is. But, by the beginning of this week that was scarcely the point. Frankfurt was, on any measure, seriously overbought and it took no more than a disappointment of exaggerated expectations from the G3 meeting to send everyone scurrying to cover exposed long positions.

The Frankfurt stock market was simply not designed to accommodate the trading volume which the foreigners have generated and, when international institutions took a few of their 1985 profits, there were precious few buyers to be found. Conversely, no big sellers were visible during yesterday's rally. The Siemens share price rose five per cent on the back of a single purchase order. The global equity market may be on its way but it has yet to make its presence felt in Frankfurt.

The casting of Guinness in the role of white knight looked a desperate manoeuvre by Distillers when it was announced on Monday; the revelation that the costs associated with the Guinness bid are to be met by Distillers' own shareholders puts it in another category altogether.

If the market is to be believed, Guinness has only a small chance of being allowed to proceed with its offer. The competitive issues raised by the transaction are glaring and a glance at the 1980 Monopolies Commission report on Hiram Walker would show that the deal might be blocked on the grounds of malt distillery concentration alone. So, even ignoring any matters of principle that arise, Distillers appears to be paying a very high price to encourage an offer which will probably fail.

The underwriters were not made aware of this unusual arrangement in the document sent to them on Monday and, while the facts of the matter will be set out in the offer documents, shareholders will presumably be unable to register their opposition to the deal without jeopardising the whole Guinness deal.

Protagonists of the Guinness/Distillers get-together were arguing yesterday that Distillers might equally well have bid for Guinness and, in those circumstances, would have paid the costs. That is a very odd argument. The fact is that, by agreeing to pay Guinness at least £14m, Distillers has made itself less attractive to Argyll and so has brought the UK takeover market into the realm of poison pills and shark repellants for the first time. Guinness, meanwhile, looks more opportunistic than ever in its intentions. Distillers will presumably extend the same hospitality to anyone who can match the Guinness terms. Enough offers and there would be nothing left for anyone to bid for.

Even on the level of day-to-day tactics, however, there is no disguising that the atmosphere has become densely fogged. It is not every week that the Bank accepts no bids at all in the Treasury Bill tender; indeed, yesterday was the first time for 17 years that the discount houses and the Bank were sufficiently far apart in their view of interest rates to create a total stand-off. To overbid for T-Bills over a weekend when the Government's future is still not secure would be less a gamble than a remarkable piece of charity.

Fixing the speculators is fine, so far as it goes. Before long, however, the political distractions are bound to abate, leaving a demand for clarity from the

VOTING COMPARISONS

Table with 2 columns: Election Year, Party, Total Change, % Change. Rows include 1983 General Election, 1986 By-elections, 1983 General Election, 1986 By-elections.

for Northern Ireland, said the Government took the unionist vote seriously, but stressed that the agreement would be implemented. Mr Tom King, the Northern Ireland Secretary, said: "I hope we can now sit down and have sensible discussions to find a way forward."

He said the advance of the SDLP was very encouraging, and that the party now had an obligation to support the Royal Ulster Constabulary and take part in the Northern Ireland Assembly, which it boycotted.

A SETTLEMENT of the teachers' dispute in England and Wales was in sight last night after the employers improved their phased pay offer to give an overall increase of 8.5 per cent by March 31. However, the outline deal may well not mean an end to disruption in schools.

The deal was being completed in continuing negotiations at the Advisory, Conciliation and Arbitration Service. The question-mark hanging over it was the absence from the talks of the National Union of Teachers.

The NUT represents about 48 per cent of unlicensed teachers. It is likely to oppose any settlement agreed by the small unions and ratified by their majority vote on the statutory Burnham negotiating committee. It plans to continue disruptive sanctions in schools regardless.

Mr Fred Jarvis, the union's general secretary, was last night standing by to go to Acas to be told the details of the proposed settlement.

The advance in the 11-month dispute came in the fifth session of discussions at Acas. Following meetings of education authority representatives on Thursday the employers' team was able to confirm its willingness to increase the last phased offer, of 7.5 per cent to 8.5 per cent, although the cost in the 1985-86 year would remain unchanged at 6.9 per cent.

The improvement in the offer would reduce in its total ending, the final instalment paid on the last day of the pay year.

About seven in 10 teachers are on the bottom two pay scales, earning an average of £8,376 a year. The offer would mean an additional £712 for men compared with the £535 they would have received under the employers' initial 4 per cent offer.

In return the unions would undertake to enter further talks on a new teachers contract and to mount no disruptive action while those talks took place, conditions the NUT is unwilling to accept.

In a letter to Mr Jarvis last night Sir Pat Lowrey, Acas chairman, said: "From the very outset of the Acas talks it was a source of great regret to us that you declined to sit with your colleagues on the teachers' panel."

month interbank rates fell back to 13 1/2 per cent. Sterling closed at \$1.3940 and DM 3.3725, recovering slightly from the lower levels recorded in the Bank of England index, which is compiled earlier. Share prices also recovered in late trading, with the FT Ordinary Shareindex gaining 5.8 points to 1126.2.

Landslide eludes Ulster unionists

BY HUGH CARNegie IN BELFAST

ULSTER UNIONIST hopes of an unqualified victory in the 15 by-elections they called to protest against the Anglo-Irish agreement were upset yesterday when they lost one seat to the Social Democratic and Labour Party and failed to increase their total vote significantly.

The 14 other unionist candidates won with increased majorities. The Rev Ian Paisley, leader of the Democratic Unionist Party, said: "Every one of the unionists returned has a firm and strong mandate from the people to say we won't have this agreement at any price."

The main upset was caused by Mr Seamus Mallon, deputy leader of the SDLP, the main nationalist party which supported the accord with Dublin. He ousted Mr Jim Nicholson, of the Official Unionist Party, in the border seat of Newry and Armagh, and now joins Mr John Hume, SDLP leader, as the party's second MP at Westminster.

Although Mr Nicholson increased his vote by more than 1,000 over that in the 1983 General Election, Mr Mallon sea him by 22,694 votes to 20,111. Mr Mallon slashed the Sinn Fein vote by a third, reflecting a significant swing from Sinn Fein to the SDLP

in all four seats fought by the two parties.

This will be welcomed by London and Dublin as evidence of important support within the nationalist community for the agreement which was meant to undercut both Sinn Fein and the IRA.

In neighbouring South Down the SDLP mounted a strong challenge to Mr Enoch Powell, cutting Sinn Fein's share from 4,074 to 2,563, and coming within 1,842 votes of unseating Mr Powell.

In the other two so-called marginal border seats, Fermanagh and South Tyrone, and Mid-Ulster, Mr Ken McGuinness of the OUP and the Rev William McAree of the DUP respectively increased their majorities as the Sinn Fein vote slumped.

Elsewhere the unionist candidates were returned easily as expected, some with majorities of more than 30,000. But the combined unionist total of 418,203 votes was a rise of less than 2,300 over the 1983 total in the same seats, and fell well short of their hopes of a big increase.

Their share of the total electorate fell by 1 per cent to 44 per cent. The turnout figure of 62 per cent was well down on 1983, reflecting a

large non-vote among nationalists, and foul weather during voting.

Mr James Molyneux, leader of the OUP, was returned in Lagan Valley with a majority of 28,188 over his only opponent, Mr John Lowry of the Workers' Party, which increased its small share of the vote in the nine seats it fought.

Mr Paisley had a 94 per cent majority in North Antrim over one of four dummy candidates run in otherwise uncontested seats under the name of Mr Peter Barry, the Irish Foreign Minister.

The non-sectarian Alliance Party, which might have hoped to capitalise on any disaffection with unionist opposition to the agreement, suffered a 17 per cent drop in support in the five seats it contested.

At a rather subdued joint press conference Mr Molyneux and Mr Paisley said the vote showed they had the backing of the majority in Northern Ireland and that they would speak with Mrs Margaret Thatcher to bring about abandonment of the agreement.

They threatened to boycott Parliament if the accord was maintained.

Speaking on television, Mr Nicholas Scott, Minister of State

Ugandan guerrillas put military government on edge of collapse

BY OUR FOREIGN STAFF

GUERRILLAS OF Uganda's 10,000-strong National Resistance Army were holding positions throughout Kampala yesterday, placing the military government on the edge of collapse just five weeks after it signed a peace treaty with the NRA.

Residents said hundreds of government troops had fled the city toward eastern Uganda after the rebels had blown up the capital's largest barracks. They said the troops had earlier gone on the rampage, killing civilians.

Kampala Radio went off the air in the afternoon. There was no word last night of Mr Yoweri Museveni, the NRA chairman and former defence minister in the coalition government that succeeded the regime of dictator Idi Amin.

regrouping near Jinja, 50 miles east of Kampala.

The Foreign Office said last night that the British High Commission had advised members of the 700-strong British community to send dependants out of the country on charter flights from Entebbe airport.

Other reports said the airport was closed.

Mr Museveni, who has had a hard time selling the idea of power-sharing to his sceptical troops, has several times threatened to seize power by force if government soldiers were not seen to have been brought under control.

Atrocities committed by the government forces since the peace accord was signed are said to have been on a scale similar to those of the Amin years. Many of the troops faced demobilisation under the terms of the agreement.

In the absence of a firm ceasefire tens of millions of dollars in international aid to rehabilitate the battered economy is being held up while governments and agencies fear for the safety of their staff in the country.

Bidding in Westland stock 'could hit rescue'

By Lionel Barber

THE INTENSE activity in Westland shares this week has cast a shadow over the revised rescue plan to be announced by the Westland board on Monday, by Sikorsky, the US helicopter maker, and Fiat of Italy.

Institutional shareholders in Westland, who had resisted offers from rival European consortium trying to mount a rescue in opposition to the Westland board, expressed disquiet yesterday at the high premium prices paid by Sikorsky on Wednesday when it picked up 6.7 per cent of Westland stock.

They said that the price paid of around £1.50 bore no relation to the price of 65p at which Sikorsky and Fiat will be offered Westland shares under the revised rescue plan. They also questioned how institutions could underwrite a rights issue priced at 60p when Westland shares have been trading between 125p and 152p.

"The frantic buying of Westland shares has created a false market which bears no relation to the real value of the company," said one senior fund manager. "We are not happy at what has happened."

Mr Michael Baughan, a director of Lazard Brothers, the bankers advising Westland, said there was no intention substantially to amend the terms of the rights issue or the price at which Sikorsky and Fiat are sold Westland shares.

Westland shares closed at 141p up 18p on the day. The buying over the past three days has been triggered by both Sikorsky and the European camp, including Mr Alan Bristow, the former helicopter operator, trying to assemble enough voting stock to push through or defeat the new rescue plan to be put to Westland shareholders in the next three weeks.

The new plan is expected to require a 51 per cent majority vote only from shareholders. Last night it appeared that the outcome was finely balanced with each camp speaking for about 30 per cent of Westland equity.

Sikorsky is understood to have increased its stake from 6.7 per cent to just under 8 per cent, while Mr Bristow disclosed that he had upped his stake by 2.4 per cent to almost 18 per cent.

Brittan resigns over leak Continued from Page 1

sulted, that she deeply regretted the failure to consult Sir Patrick, and that she wished the manner of the disclosure to be kept as quiet as possible.

Many Tory MPs yesterday admitted to deep scepticism regarding Mrs Thatcher's efforts to distance herself from Mr Brittan's actions and from her private office.

At the same time, many admitted they did not want her role in the affair subjected to further scrutiny, as this could only inflict further damage on the Government. Mr Brittan's resignation, they suggested, could alleviate pressure for any such scrutiny.

Downing Street yesterday insisted Mrs Thatcher had no knowledge of Mr Brittan's intentions until their meeting at 5 pm. She received his request for a meeting during a luncheon with London editors of regional newspapers. She had said at the lunch she expected Mr Brittan to be on the front bench with

her during Monday's debate. He had her full support, she told them, adding that people "did not resign" during moments of emotional stress.

The possibility had not been discussed during her meeting yesterday morning with Mr John Wakeham, the government chief whip.

Mr Wakeham is understood subsequently to have had a meeting with Mr Heseltine, though it was not clear whether they discussed Monday's emergency debate or Mr Heseltine's desire to publish the text of his response to Sir Patrick's letter.

News of the resignation brought swift condemnation from leaders of the Opposition parties. Mr Neil Kinnock, the Labour leader, said Mr Brittan had been "a casualty of this whole dirty business."

has got a great deal of answering to do.

Mr David Steel, the Liberal leader, yesterday questioned whether Mr Brittan was right to go would depend on information only he and the Prime Minister possessed, which must be disclosed in Monday's Commons debate.

"If the Prime Minister was aware of his authorisation of the leak, as I believe is probable, then Leon Brittan should not have been made a scapegoat," he said. "It, on the other hand, he concealed this information, which is difficult to believe, then he was right to go."

Dr David Owen, leader of the SDP, said Mr Brittan was "probably the fall guy" in the affair, but that his resignation would not change "the basic fundamental position that we ought to have from the Prime Minister the full truth."

Sir Patrick Mayhew who had earlier let it be known he was deeply angered and embar-

rassed by the publication of his letter, and had not quashed speculation that he might resign, was yesterday making a discreet silence. However, at one point he was heard to observe that he now knew what it was like "to be a solicitor to both the Mantagues and the Capulets."

Other Tory MPs, as they headed for their constituencies, were hoping Mr Brittan's resignation would help dispel unease over the Prime Minister's role in the affair. Many indicated that the response from their constituents would colour their attitude in Monday's debate.

Several believed the Prime Minister might be forced either to resign over the next few months or to conduct a major reshaping of her Cabinet to broaden its appeal. Commented one former minister: "She's on probation from now on."

Mr Brittan left London yesterday afternoon for a speaking engagement in Leeds.

CHIEF PRICE CHANGES YESTERDAY

Table with 2 columns: Item, Price Change. Rows include Treas 11pc 1981, Exch 12pc 13/17, Treas 2pc IL 20, Acra computer, etc.

WORLDWIDE WEATHER

Table with 4 columns: City, Day, Midday, Night. Rows include Alicante, Almere, Amsterdam, etc.

Tin Council ready to negotiate over debts

BY STEFAN WAGSTYL

THE INTERNATIONAL Tin Council, which owes hundreds of millions of pounds to banks and metal brokers, has agreed to negotiate with its creditors over settling the three-month-old tin market crisis.

But the 22 member-governments have still to decide their negotiating position at further ITC meetings next week before starting talks with the creditors, possibly the week after.

Despite the breakthrough, metal traders and bankers yesterday condemned the council's slow rate of progress. Mr Peter Graham, senior deputy chairman of Standard Chartered Bank, who has been at the head of attempts to resolve the crisis, said: "The longer they delay, the more they run the risk of running out of time."

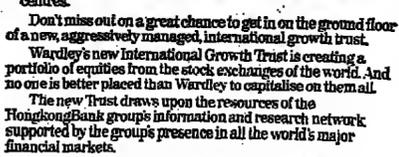
re-opens without a settlement; others are threatening legal action if it does not re-open soon.

Tin trading has been suspended since October 24, when the ITC—an inter-government body that aims to support prices, ran out of money for stockpiling tin.

The break through in the crisis this week came after continuing UK diplomatic pressure which resulted in the chief opponents of a negotiated settlement—West Germany, France, Belgium and the Netherlands—giving way.

The council is still deeply divided about how much to concede about how much to concede, which involves setting up a new company to take over the council's assets and liabilities, funded with £200m from governments, £50m from brokers and £20m from banks. The council does not meet again until Wednesday to give governments time to consider their positions.

Uncertainty



month interbank rates fell back to 13 1/2 per cent. Sterling closed at \$1.3940 and DM 3.3725, recovering slightly from the lower levels recorded in the Bank of England index, which is compiled earlier. Share prices also recovered in late trading, with the FT Ordinary Shareindex gaining 5.8 points to 1126.2.

Wardley International Growth Trust advertisement with contact information and a form for requesting details.

Battle of oil prices and interest rates

THESE ARE volatile and conflicting times. The oil price is proving to be every bit as weak as the pessimists had feared, slipping below \$20 a barrel for North Sea crude at the beginning of the week and at one point reaching \$17 following the assertion from Sheikh Yamani, the Saudi Oil Minister, that there was no limit to how far the price could fall.

A couple of deals at \$17 are not wholly representative of the world oil market but even \$20 a barrel is a far cry from the levels of a couple of months ago. Sterling has inevitably taken a considerable bruising on foreign exchange markets following the DM 3.40 while interbank money rates have been nudging the 14 per cent mark. The reaction in the oil market has been equally mixed; long-dated stocks fell 14 points on Monday causing the advisors to one small debenture placing Asda Property to pull the issue at the last minute.

Against the hectic background, however, the Government has steadfastly refused to signal a rise in bank base rates, despite its speedy action on January 8 in lifting the market by a full point in response to a nervous oil market. Now the price is tumbling the Government seems to be sitting on its hands.

Also the equity market has remained surprisingly calm. The All-Share fell by one per cent on Monday to 669.3 but since then it has been tracking sideways in a fairly narrow band.

The Government may be sitting back to see how the news is before reacting. This would avoid a succession of small rises that might take rates higher than might be needed to stabilise the markets. Or it may be arguing that to keep the exchange rate up with a prop from very high real interest rates is no longer necessary.

If stability quickly returned to the oil market then of course pressure would come off the pound and the need to push interest rates up to 14 per cent or more would fade. However, the oil market does not appear to be showing any signs of settling down yet and money market rates suggest that the City believes a base rate rise cannot be held at bay for much longer. If sterling started to fall badly the Government would surely react smartly.

For the equity investor there are a couple of clear signals within the other muddled overall scene. Sterling is lower, interest rates are higher and the Chancellor's scope to make tax cuts has dwindled (some analysts say it has disappeared altogether). So, in the short term at least, it must be right

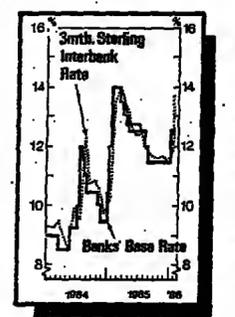
to concentrate on stocks with a high proportion of overseas earnings to the detriment of domestic orientated companies.

To an extent that sort of switching is visible although domestic sectors are hardly weak and the market remains relatively firm. There are several reasons why. There have not been any large cash calls, though Wellcome is imminent, and those funds who remain long term bulls of the market are not going to be heavy sellers while some are actually using the opportunity of a little weakness to buy stock. Also some evidence of buying from overseas has been apparent.

London

That said equities look to have their heads above the parapet when anyone else seems to be running for cover. It may be that equity dealers believe high interest rates will be short lived or that the whole basis for valuation has become more bullish — or perhaps the market has simply not reacted yet.

It is a sobering thought that, with 13 per cent available for



12-month cash deposits, the All-Share index will have to rise to around 730 on a year's view just to match the returns from holding cash.

The Monopolies Commission had better be stocked up with midnight oil. Elders' offer for Allied-Lyons was dumped in its lap before Christmas and now GEC's £1.2bn offer for Plessey has been pushed across for scrutiny. And if competition is a worry in the electronics sector, surely Guinness's agreed merger with Distillers, valuing the whisky group at £2.19bn, must raise an eyebrow or two round at the O.T.T.

Guinness captured Arthur Bell last year for £356m after a hotly contested dog-fight. If

it had realised that the industry leader could be embraced a year later perhaps Raymond Blissett would have been left alone at Bell for Guinness, playing the role of white knight to snatch Distillers from the grasp of Argyle, could create a mighty concentration of industry muscle. If the merger did go through it would create a group accounting for 50 per cent of UK whisky production, holding 36 per cent of the UK market and 41 per cent of the world market for Scotch.

The terms of the deal are eight Guinness shares plus £7 in cash for every five Distillers, valuing each share at close to 50p with a cash alternative of 58p — £1 more than the Argyle cash offer.

Yet in accepting Guinness, the defence has pushed away its basic argument — splashed over the Press in recent weeks — that it does not need outside management help and that a successful Argyle would be disadvantaged because of high balance sheet gearing. On a pro-forma basis Distillers and Guinness would be almost 100 per cent geared.

So if the agreed merger was sidetracked by a reference and Argyle has left to battle with except price? And Argyle might find that a little extra on top of the existing terms might be enough to swing shareholders reluctant to hang around for six months in the hope of clearance for Guinness.

While uncertainty surrounds the eventual outcome of that particular trio, BTR has pulled off a fairly straightforward — but exceedingly well priced — deal which has left the City wondering who its next takeover target might be.

The West German Allianz group has agreed to pay £200m in cash for Corabill Insurance, which was part of the Tilling Group which BTR took over 2½ years ago for £555m. In all BTR has now clawed back two-thirds of the price it paid for Tilling.

The timing of the sale probably has little to do with the timing of BTR's acquisitive ambitions but it does leave the group well placed to make its next move. Taking the recent convertible bond issue as equity, balance sheet gearing is lower than 20 per cent which is nothing to BTR management. BTR has been indicating to the market that its next purchase is likely to come in the US and be financed with dollar debt or a Eurobond. It has two or three possibilities lined up. But then it was making those sorts of noises before it bought Dunlop, so a UK acquisition is just as likely.

Terry Garrett

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1987/88	1986/88	
	5 day	on week	High	Low	
FT Ordinary Index	1,128.2	+7.5	1,149.6	911.0	Currency/interest rate uncertainty
BTR	383	+23	397	296	Sale of Cornhill Insurance
Beecham	263	+40	290	223	Revised bid speculation
Breakmate	195	+66	195	90	Bid approach
Campari International	48	+7	49	24	Bid approach
Carless Capel	73	-5	175	70	Fall to crude oil prices
Civa Discount	43	+9	73	33	PB Securities bid speculation
Coats Patons	303	+52	303	153	Bid approach from unnamed group
Davis (Godfrey)	124	+9	126	86	Revised bid speculation
Glaxo	£161	+51	£161	£101	US presentation/currency influences
Granada	216	-16	240	148	Ladbroke merger talks terminated
Great Western Resources	70	-35	290	70	Proposed £30m rights issue
ICI	764	+39	850	630	Currency influences
Longton Industrial	158	+22	160	87	Draxce Wharf planning permission
Newman Tonks	136	+39	144	79	Bid from McKechnie Bros
SEET	132	-22	174	132	Disappointing interim results
Sovereign Oil and Gas	80	+10	207	65	North Sea oil and gas find
Spring Ram	350	+25	352	150	Brokers visit company
Wadlin	158	+25	170	90	Bid approach
Westland	143	+45	151	58	Revised rescue plan expected

Weather takes its toll

IT IS hard not to feel a degree of sympathy for Wickes, the building materials and do-it-yourself retailer whose offer for sale brought such a poor response this week.

The stags stayed away in droves and applications were received for well under half the 5m shares on offer, leaving the rest in the hands of the underwriters.

Conditions were not at their most favourable for the flotation. The market as a whole turned down between the phone fixing and the closing of the application list, and the stores sector was hit particularly badly because of the gloomy outlook on the interest rate front.

There was also a feeling in the market that Wickes was coming late to a sector already suffering from overcapacity. Yet it was regarded as a well-managed company and not priced unreasonably on a short-haul basis.

The discount seems unlikely to widen far before the bargain-hunters step in when dealings begin on Monday.

New issues aside, the fruit and vegetable merchants have attracted the most attention on the USM in the past week or so, particularly in the light of last year's adverse weather conditions.

The difficulties which British growers have faced were nowhere more graphically illustrated than in the statement put out by Wold, the producer of own-label frozen vegetables.

Wold warned at the end of last week that the yields on its principal crops had been hit so

badly that profits for the year to December 1987 were likely to be less than half the previous year's £1.5m.

Severe frosts early in the year, the cold wet summer and an unseasonal warm spell in the autumn played havoc with crops last year. Most growers were affected to some degree, but Wold, more than most, because of its heavy dependence on peas, beans and Brussels sprouts, in which harvests were extremely poor.

Faced with a shortage of produce from its own sources, Wold said it had had to obtain vegetables from alternative, more expensive, suppliers, causing a higher investment in year-end stocks and a consequent increase in the interest charge. Then the warm autumn weather prolonged the availability of fresh produce in the market, so depressing demand for Wold's frozen vegetables.

The astute investor might have picked up early warning signals of Wold's announcement from the preliminary figures for the year to September put

out by Whitworth's Foods three days earlier. Wold recorded a 27 per cent increase in pre-tax profits to £1m, but the improvement was a less-impressive 16 per cent at the trading profit level.

Whitworth's is not in the sort of tight financial straits that supplies fresh, pre-packed vegetables to supermarkets. It has the advantage with this sort of business that stock is turned over very rapidly and transactions with customers are usually settled at prices ruling at the time of delivery, so vulnerability to price changes is reduced.

This explains why Whitworth's managed to achieve a modest profits increase in the

face of a significant decline in turnover. Sales values fell because potato prices plummeted, but Whitworth's profits on potatoes rose because it increased sales volume.

The unusual weather conditions did, however, have an impact. Although there was a glut of potatoes, it was difficult to get them out of the ground without damage and Whitworth's faced problems in obtaining supplies of the right quality.

Appletree, the latest fruit and vegetable merchant to join the USM, comfortably beat its £700,000 profits forecast for the year to September when it produced pre-tax profits of £735,000 at the end of last week. However, managing director Tony Tarrant says the results would have been better still if it had not been for the adverse weather.

Like Whitworth's, Appletree is mainly a supplier of fresh pre-packed vegetables to supermarkets and its vulnerability to price shifts is similarly limited, but the weather can still take its toll. Appletree turns over its stock every three or four days, so when the carrot crop was wiped out by February's frosts Appletree also had to source from abroad. That took a week or two to organise; so, for a short period there was not enough turnover going through to cover overheads, and one week's £27,000 profit was turned into the next week's £7,000 loss.

All three tales illustrate the sort of dangers that lie in wait for companies which see their fortunes too closely to something as unreliable as the British weather. The solution is obvious: diversification into other crops from a wider range of sources, particularly overseas — a road down which the other two USM fruit and vegetable merchants, Hunter Saphir and Jack L. Israel, are already well advanced.

Richard Tomkins

USM UNLISTED SECURITIES MARKET

Company	Announcement due	Dividend (c) Last year	Final	This year Int.
FINAL DIVIDENDS				
Allied Textiles	Wednesday	2,889.4	4,273.73	4.0
Associated Fisheries	Thursday	0.25	0.25	0.25
Berkley Technology	Monday	—	0.6	2.3
Bruce Alexander	Monday	—	0.6	0.4
Domino Printing Sciences	Thursday	—	—	—
Fleming Pledging Investment Trust	Wednesday	1.0	1.5	1.0
Habitat 67	Monday	0.5	1.0	0.5
Heston Brewery	Thursday	—	—	—
Kellogg Trust	Tuesday	—	0.0	—
Kanher, A.	Thursday	4.0	11.0	4.0
Leeds Investment Trust	Thursday	2.1	3.8	2.48
Lonho	Thursday	1.0	4.0	—
M and G Group	Thursday	5.0	7.5	5.0
Rank Organisation	Monday	—	—	—
Seaford Group	Monday	—	2.35	—
Spafax Television	Thursday	—	—	—
Habitat 67	Monday	2.0	—	2.0
Union Discount	Wednesday	—	—	—
Werner Estate	Thursday	5.0	10.0	6.0
INTERIM DIVIDENDS				
Alisa Investment Trust	Monday	0.5	1.2	—
BTX Group	Thursday	1.8	7.0	—
Crown, de Groot	Tuesday	1.0	7.0	—
CYS Electronics	Tuesday	0.75	2.25	—
Douglas, Robert M.	Thursday	—	1.75	—
Oryon, I. and J.	Friday	2.0	2.0	—
Edwards	Monday	1.7	3.1	—
Finlan Group	Tuesday	1.8	2.0	—
Flags	Tuesday	1.272	1.59	—
Group Investors	Monday	1.3	2.9	—
Hallite	Monday	3.0	6.0	—
Haynes Publishing	Friday	4.0	9.0	—
Home Farm Products	Wednesday	1.15	2.1	—
Kewell Systems	Monday	4.55	5.2	—
Merkeath Securities	Monday	—	—	—
Marler Estates	Wednesday	—	2.0	—
Meyfair and City Properties	Thursday	1.0	1.7	—
Met Trade Supplies	Thursday	1.75	3.5	—
Mercantile House	Tuesday	4.0	9.0	—
ML Holdings	Thursday	2.0	5.0	—
Murray Smaller Markets Trust	Monday	0.8	—	—
Neposon	Friday	—	—	—
Nordiska Investmentbank	Friday	—	—	—
Ocean Consolidated	Thursday	—	1.0	—
Saville, Gordon J.	Monday	0.7	1.625	—
Smith, W. H. H.	Wednesday	1.7	3.2	—
Vibrolant	Monday	3.3	5.7	—
Webb, Joseph	Tuesday	0.797	0.1313	—
Wholesale Filings	Friday	1.7	5.0	—
Widley	Thursday	1.5	2.2	—
Zentis	Wednesday	1.0	3.0	—

Strong year for Lonrho

Lonrho was characteristically terse in its comments at the interim stage last summer but the results provided enough of a guide to suggest that the figures for the year to September, due out on Thursday, will show a strong advance.

The mining, leisure and motor distribution divisions remain at the core of the group's activities, and all three are thought to have done well. On the mining side exchange rates will, on the face of it, have been adverse; but with gold and platinum priced to hard currencies and costs priced in local ones it seems probable that, even after translation, the mining division's profits will be up sharply.

The Princess and Metropole hotel chains are both thought to have prospered from high levels of tourism and the London casinos should have had a good second half. Meanwhile, the VFW/Audi car distribution business has probably made gains in a buoyant market.

Elsewhere, the agriculture and general trade divisions will probably be down because of weakness in commodity prices and freight rates; but overall the City is expecting a £10m dealing profit from the sale of House of Fraser shares to help take Lonrho's full-year profit to £160m against £135.4m last time.

The City agrees that Rank Organisation's managed businesses, now fully revamped and reorganised, will have made excellent progress in 1987. It also agrees that Rank Xerox's reported profits will not make impressive reading. Yet, analysts' guesses at the outcome of Rank's preliminary results, due on Thursday, range from £124m to £134m.

The main area of dispute is

the extent of the damage to Rank Xerox caused by currency movements in the second half, which could result in profits turning out £2m or £3m either side of last year's £6m. However, ignoring currency effects and, redundancy costs, the underlying advance at Rank Xerox should be encouraging, at about 20 per cent.

Meanwhile, among Rank's own businesses the stars are expected to be hotels, which have enjoyed a steep rise in

Results due next week

occupancy rates, and film labs and video services; while progress from the travel division will be due in part to a sharply lower loss from Rank Travel.

The shape of Rank's balance sheet has been transformed over the past two years following a programme of disposals. This should be reflected in an interest charge down from £20m to about £7m.

The market is looking for

Mercantile House Holdings, the leading securities trader and investment bank, to resume the upper profit trend when it reports its interim results on Tuesday. A 20 per cent advance in pre-tax profits to around £33m is anticipated for the six months to October 31, though whether this can be sustained beyond the present financial year is more doubtful.

The group has been absorbing its recent acquisitions of two discount houses, Alexanders and Jessel Toynebe. Then, there is its association with stockbroker Loring and Crankebank and its disposal of all but a minority in US fund manager Oppenheimer and Co. The full benefits of these changes ahead of Big Bang have yet to be seen.

The group's profits advance owes much to the hectic activity in the US fixed-interest operations, the recent commission cuts coming too late to affect the interim figures. Moneybroking profits should improve, but fund management operations in both the US and UK will show only a slight advance despite much-improved US mutual fund sales. Investment banking opera-

tions should also reveal some improvement, despite a lower contribution from the discount house sector.

Although Mercantile is now financially stronger, the process of reconstruction has not ended. Together with the uncertainties over the coming changes, the group has a need to conserve resources, so a small interim dividend increase from 4p to 4.25p is expected.

The full year's results from Mer and G, the prominent unit trust and investment management group, should show a near £2m improvement in pre-tax profits to £9m for the year to September 30. Growth at the interim stage was excellent but stock markets were somewhat dull over the second half, particularly in the UK where the surge came after the year end.

Profits from the life and pension company should show profits up from £1.7m to £2m, while the fund management operations are still very small. Shareholders can look forward to a substantial dividend increase for the year, from 2.5p to 15p.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

Quoted rate %	Compounded return for taxpayers at			Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
	30%	45%	60%				
CLEARING BANK*							
Deposit account	6.50	6.61	5.19	2.77	half yearly	1	0-7
High interest cheque	9.00	9.31	7.31	5.33	quarterly	1	2,500 minimum
3-month term	9.31	9.64	7.57	5.01	quarterly	1	2,500-25,000
BUILDING SOCIETY†							
Ordinary share	7.00	7.13	5.60	4.07	half yearly	1	1-250,000
High interest access	8.75	8.75	6.85	5.00	yearly	1	500 minimum
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum
NATIONAL SAVINGS							
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000
Income bonds	12.00	8.55	6.97	5.07	monthly	2	2,000-50,000
31st issue	7.85	7.85	7.85	7.85	not applicable	2	—
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month
General extension	8.52	8.52	8.52	8.52	yearly	3	—
MONEY MARKET ACCOUNTS							
Money Market Trust	8.73	8.82	7.01	5.10	half yearly	1	2,500 minimum
Schroder Wagg	8.41	8.74	6.87	4.99	monthly	1	2,500 minimum
Provincial Trust	8.34	8.75	7.66	5.57	monthly	1	1,000 minimum
BRITISH GOVERNMENT STOCKS							
7.75% Treasury 1985-88	11.85	9.62	8.35	7.07	half yearly	4	—
10% Treasury 1990	11.97	9.82	7.08	5.37	half yearly	4	—
10.25% Exchequer 1995	11.87	8.49	6.81	5.14	half yearly	4	—
3% Treasury 1987	9.57	8.87	8.36	7.85	half yearly	4	—
3% Treasury 1988	9.21	8.30	7.73	7.17	half yearly	4	—
Index-linked 1988†	9.47	8.80	8.42	8.03	half yearly	2/4	—

*Lloyds Bank. †Halifax. ‡Held for five years. §Source: Phillips and Drew. ¶Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price*	Price before bid	Value of bid £m**	Bidder
Anglo-Indonem Co	195¢	185	166 1/2	11.57	Plant & Gen Iova
Business Comptr	255¢	26	29	1.47	Electronic Data
Charterhouse Pets	105¢	100	66	148.09	Petrolina
Cole Group	350¢	343	240	10.54	Low & Bonar
Dew (George)	94¢	87	92	7.5	Brenner
Distillers	521 1/2	576	510	1,820.89	Argyll Group
First Castle Elec	161	172	111	41.62	Morgan Crucible
French Kler	287	285	224	141.32	Beaver (C. E.)
Gomme Hlgs	87	83	59	11.22	Milmine
Group Lotus	129 1/2	129	120 1/2	22.74	GMILG
Imperial Group	233 1/2	254	242	1,720.00	Hannan Trust
Isacarth's Pharm	278 1/2	276	257	36.22	

Overseas Funds

Robeco challenges the taxman

ROBECO, the big Dutch-based international investment group, has hit out angrily at the discriminatory tax treatment being suffered by its thousands of British shareholders.



Quicker way home

The Abbey National Building Society is to give potential homebuyers a certificate guaranteeing them a mortgage, with the aim of speeding up and simplifying house buying.

ful it may consider it more closely. But it points out that it already has a flexible mortgage system which enables it to meet all reasonable requests from borrowers.

AS YOU sit there having your carers blow-dried away by your hairdresser it may have occurred to you—when you start examining the cost—that this must be a profitable business to invest in.

If you are sufficiently convinced then you can now buy shares in Alan Paul, which runs a chain of 22 hairdressing salons. It is using the Business Expansion Scheme system to offer 1.25m ordinary 10p shares at 32p each.

Sponsored by Capital Ventures, the aim is to obtain a US listing once the three-year qualifying period is up.

However, the company now sees the greatest potential in London and wants to use the funds it is seeking to raise to finance this move.

IF STOCK index futures and options appeal you can now put your money into a fund which has some of its assets invested in US stock index futures.

This "fund" will invest in 500 Standard and Poor 500 investments which are added to its Reserve Asset Fund along with ECU, D-mark and yen bonds.

The fund, which is registered in Jersey, is also registered in Jersey, the extension of Hill Samuel's International Bond Fund.

A somewhat less exotic launch for a fund, also registered in Jersey, is the extension of Hill Samuel's International Bond Fund.

The second time period begins with the date when shares were issued — or, if later, when the trading began — and ends three years later.

Some guidance has been given on the interpretation of these words in an Inland Revenue Statement of Practice dated September 13, 1983.

The company must also within this period carry on a qualifying trade that does not consist of any substantial extent of certain prohibited activities.

There are two crucial time periods to consider: the first relates to the investor, the second to the company.

Value received is widely defined to include almost any return of funds or payments to the investor in capital form, but the payment of dividends is acceptable.

As a final note, and possibly to add insult to injury, interest might well be charged on the tax recovered after relief is withdrawn.

Stuart Chapel is a consultant with chartered accountants Neville Russell.

Stuart Chapel

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See the wealth warning

Richard Lambert looks at a book meant to make a lot of people rich.

"EVERYBODY ought to be rich." This worthy thought the title of a famous article in the Ladies' Home Journal of 1929 — represents a theme which has reappeared close to the top of bull markets throughout history, and should make prudent investors start their preparations for a dash to the hills.

So there is more than passing interest in the appearance of a new book, "The Zurich Axioms," which carries on its dust jacket the wealth warning: "This book could make a lot of people rich."

It is a book about high risks and high rewards, and it is of a type that could only appear after years of rising share prices. A bull market makes every investor a genius, by limiting the cost of mistakes and maximizing the return on successes. In a bear market, by contrast, precisely the opposite applies.

The underlying assumption is that speculation, if approached in the proper frame of mind, will bring wealth, and in monumental piles, rather than mere common or garden riches. It is a pleasantly nostalgic idea for those who remember the days of innocence in the late 1960s before the fall of IOS and Jim Slater. It has no doubt helped to make a lot of people quite rich in the past few years of easy pickings.

The philosophy is dressed up in fancy style—it consists of 12 profound and mysterious rules of risk taking called the

Zurich Axioms—but underneath the hocus pocus there are some good old home truths about the business of speculation. As Max Gunther, the author, breezily admits, they apply just as much to poker or roulette as to the stock exchange. "In the end, he argues, all investment is speculation. The only difference is that some people admit it and some don't."

In this view of the world the first rule, if you wish to rise above the great murk, is that you must put your money at risk. You must always play for worthwhile stakes and you should not attempt to hedge your bets by excessive diversification. You should take your profits and cut your losses early and you should not allow yourself to get emotionally attached to anything that you might have to be ready to sell tomorrow. You should not rely on forecasts, charts, voodoo artists or anyone else who claims to be able to impose an orderly system on the jumble of human emotions which go to make up a market.

Successful speculators will not allow themselves to be swept along by what everyone else is doing and will continually be testing their own judgments to make sure that they are not being clouded by excessive optimism or by changing circumstances. "In handling your money, assume you are entirely on your own. Lean on nothing but your own good will."

It sounds like an exciting life. One of Gunther's big and much quoted heroes is the fabled Wall Street trader Jesse Livermore, a man who made

and lost four separate fortunes as well as any number of stock market legends. Livermore's approach to his career was not without cost. As he once said, "every occupation has its aches and pains. If you keep bees, you get stung. Me, I get worried. It's either that or stay poor. If I've got a choice between worried and poor, I'll take worried anytime."

After the fourth fortune went in 1940, Livermore walked into New York's Sherry-Netherland Hotel, drank a couple of old-fashioned, and shot himself dead in the genit.

Most people will think that there has to be a less extreme way of approaching the stock market—and of course there is. It was pinned down by a much greater investment writer, Benjamin Graham, in his classic work on security analysis which was published over 50 years ago.

"An investment operation is one which upon thorough analysis, promises safety of principal and an adequate return," Graham wrote. "Operations not meeting these requirements are speculative."

The first and most crucial decision which everyone has to take before leaping into the financial markets is about the extent to which they wish to be investors as opposed to speculators. If they come primarily into the latter category, they can probably afford to buy the Gunther book. If into the former, they can count themselves lucky that they are active in a period where inflation has fallen, real interest rates are high, and the tax regime is less punitive than it has been in the past—a time, in other words, when it is possible to secure an adequate return on financial assets without having to run absurd risks.

"The Zurich Axioms," by Max Gunther. Sonpenit Press. £8.95.

A WOMAN of 35 quits her safe but tedious job with a large British manufacturing group for the more energetic world of an American consultancy company's enterprising London office.

Not surprisingly, the move's main attraction is a leap in salary from £15,400 to about £25,000 (together with the prospect of transatlantic travel). Our hypothetical unmarried professional woman expects this to amount to a net monthly pay rise of about £550.

But she has a problem: she will lose benefits. These include an attractive pension plan, life assurance paid for by her employer, a discount on a private health scheme, generous sick pay, and the chance to take part in an employee share scheme. These, all offered by the British company, are ruled out by her new American bosses. She also has an opportunity to clear her existing credit card debts, and use at least some of her extra income for investment.

She will need to think realistically about the dangers of reduced job security in her new post, and the threat of poorer health—she is approaching middle age—especially since she is only one year into a £30,000 mortgage.

Nicholas Andrew, a senior adviser at Robson Rhodes, chartered accountants, says: "Advisers often forget commercial reality in the process of fiddling around with a few extra pounds of tax relief. This woman will have to weigh up carefully her new company's prospects."

Since there is no pension plan available from her new bosses, she will have two choices. She can negotiate hard and try to persuade the company to offer her an executive pension plan. This would be paid for wholly or in part by her employer, and could yield an annual retirement pension of up to two-thirds of her final salary, provided she has completed 10 years' service. Her employer might be more

Nick Bunker on hazards in job-changing

Balancing benefits

ready to agree to this because his contributions could be offset against corporation tax at 35 to 40 per cent, provided they do not exceed 15 per cent of her earnings (which for this purpose include commissions and benefits in kind). He might, however, deduct his contributions from future pay increases.

Alternatively, she might have to opt for a personal pension plan as if she were self-employed. An accountant would probably advise her to choose either a unit-linked plan, in which the premiums (with a legal maximum of 17.5 per cent of her salary) buy units in a selected fund or funds; or one of the slightly less risky, more popular, with-profit schemes. Not all lenders will arrange a unit-linked scheme.

Whichever she chooses, she has the opportunity to link the purchase of a house to the retirement provision via a pension mortgage (which could also be arranged in conjunction with an executive pension if she manages to extract one from her prospective employer).

Pension mortgages provide for the repayment of the house price out of the lump sum payable from the plan on retirement: their attraction is that instead of repaying a loan gradually over the mortgage term, you pay interest only at the top marginal rate on this and also on the capital repayment made via the pension plan. There is no capital gain or income tax on the plan's own investments, and your mortgage is repaid out of the lump sum when you retire.

In our professional woman's case, that adds up to an especially promising package in

view of her sudden shift into a much higher tax bracket.

As a basic rate taxpayer with a £30,000, 25-year endowment mortgage arranged by Abbey National, she was paying out each month £231.25 gross, or £281.78 net after allowing for tax relief. Her monthly life insurance premium brought that up to £271.80. The package would yield a tax-free surplus of £21,043 after 25 years.

On the same basis, a pension mortgage would have cost her a net total of £281.75 monthly, but yield a tax-free surplus of £24,330 and an annual retirement pension of £16,351 at the age of 60. With a new salary of at least £24,000, paying tax at around 40 per cent of her earnings, her premiums in the case of the pension mortgage will actually fall, because her tax relief will increase.

One drawback is that she would lose the extra tax relief offered by the pension mortgage if she changed jobs again, and went to a company with its own pension scheme.

Uncertainties deriving from the greater insecurity of her new post should prompt her to look at permanent health insurance (PHI) as a way of replacing the generous sickness benefits available from her previous British employer. She should also seek a means of saving regularly as a way of building up an emergency fund which could also lay the basis for larger long-term investment.

PHI schemes provide guaranteed income in the event of sickness or disability. If she wanted an index-linked guarantee of half her gross earnings (minus single person's state sickness benefit

of £1,991 a year), to become payable after one month off work, monthly premiums under Allied Dunbar's PHI scheme would be £97.28. This figure would fall to £40.63 if she wanted the policy's benefits to become payable only after three months of sickness.

As regards medical insurance to meet the cost of private health care, joining the British

HOW THE TWO PACKAGES COMPARE:

	Old job	New job
Salary:	£15,400	£25,000 (net monthly pay rise £550)
Pension:	Provided by company plan. Benefit of one-fifth of final salary per year of service. Employee contribution about 5 per cent of salary (now about £65 monthly)	Provided through a personal plan, linked to mortgage (see below). Benefit of £16,351 annually at age 60
Mortgage/Life assurance:	25-year, £30,000 endowment mortgage. Tax free surplus of £21,043 at term. Monthly cost (net of tax relief): £231.78	25-year, £30,000 pension mortgage. Tax free surplus £24,330 (plus pension—see above). Estimated net monthly cost: £200
Sickness benefits:	Company scheme. 32 weeks at full pay after five to seven years' service	Permanent Health Insurance scheme. 50 per cent of annual earnings guaranteed indefinitely. Monthly cost: £97.28*
Private medical care plan:	Discount (through employer) of 15 per cent on BUPA monthly premium of £29.20	Discount would probably still be available to her through possession of credit card
Other benefits:	Employee share option scheme	Possible bonus scheme subject to negotiation with employer

* Figure assumes index-linking of benefits and one month deferral period.

No credit where it's due

Want a charge card? Women can get a raw deal, reports Fiona Thompson.

FOUR office colleagues recently were asked by their employer to apply for charge cards. All were of a similar age and professional standing and had worked in the company for a similar period.

Three duly received their cards. One, the lone woman, was rejected. The Equal Opportunities Commission, to which she complained, said no legitimate reason could be found for turning her down. Spurred on by many such complaints, the commission four years ago launched a study on women and credit. Its findings and recommendations, published this week, warn that women are not getting a fair deal.

The commission is not claiming that discrimination is intentional but rather that the scoring systems, the method used to assess an individual's creditworthiness, can be weighted against women. These have been a standard procedure in the US for more than four decades but were introduced to Britain only in 1973. It is estimated that over 90 per cent of all consumer credit decisions are now made by using such systems.

How they work is simple.

People wanting credit, fill in an application form giving personal details: occupation, where they live, how long they have been in their job, their previous credit and banking records and so on.

Each answer is allocated a certain number of points—for example, a home owner would get more points than someone in rented accommodation—which are then totalled to give an overall credit score.

The lynchpin of the system is a sample of satisfactory and unsatisfactory borrowers drawn from the creditor's record of previous customers. All available information about them is computer-analysed; the result is a list of those characteristics deemed to distinguish most efficiently between worthy and unworthy credit applicants.

A sound system, you would think. But any system is only as good as the information fed into it—and this is where the commission takes exception. It says that scoring systems are based predominantly on borrowing experiences with men.

The commission says that if male and female credit profiles were essentially similar, then any imbalance in the sample of customers used to construct the system would not be significant. But the EOC believes there are marked differences in the personal circum-

stances of most men and women — the most important being employment patterns, earnings and financial behaviour — that will crucially affect the process of assessing creditworthiness.

June 1984 figures show that 46 per cent of all working women are part-time employees; while the latest available information on duration of employment indicates that just 14 per cent of women had been with the same employer for more than 12 years, compared with 30 per cent of men.

Until recently, women were significantly less likely than men to have bank current accounts. Fewer women than men seek overdraft and loan facilities and women on average borrow less and save more than men.

The EOC says such weighting can jeopardise an application from a woman, although she is not necessarily a worse credit risk; and that it is imperative the development sample is genuinely representative of the creditor's customer population today. "Our key objective is to reach a neutral system," says Lady Platt, chairman of the EOC.

Sex Equality and Credit Scoring, available free from Publicity Section, EOC, Overseas House, Quay Street, Manchester M3 3HN.

Family matters

Margaret Hughes reports on a change arising out of the Government's action on friendly societies.

WITH FRIENDLY societies under the Inland Revenue spotlight, Family Assurance, one of the new-style societies, has amended the conditions of its family bond. This follows a decision by the Revenue when it decided to do its own marketing, previously undertaken by Dominion Financial.

In future investors will no longer have either the option of taking partial surrender of the tax free sum benefits at the end of the 10-year term to provide income nor of rolling-up the policy and continuing to earn tax free interest.

The only alternative available to investors to taking the lump sum in full at maturity will be to extend the policy for a further ten years and keep on

extending for further periods of ten years if necessary. This was not an option previously available to investors.

The family bond now meets new requirements which tax friendly societies have to meet to retain their "qualifying" status to give investors a tax-free capital sum at the end of 10 years. It reflects Government moves to bring tax exempt friendly societies more in line with other institutions offering similar products such as life assurance companies.

In relaunching the Family Bond the society has reduced its initial charges from a tiered charge of 66.66 and 75 per cent, depending on the investor's age, to a flat charge of 65 per cent so that 35 per cent of their outlay will be invested in the first year and 100 per cent thereafter.

The society claims that net result of the changes in its charging structure is an increased return of 150 at the end of ten years. Total investment in the Family Bond, as with other friendly society tax exempt policies is limited to an annual contribution of £100 over £100 years or £9 a month. These premiums are free of tax. For investors who extend the policy for an additional ten years, the percentage of each contribution invested will be 105 per cent.

In launching its Family Bond as a new product Family Assurance has introduced a new Total Investment Bond which is a combination of a tax exempt and taxable investment.

Unlike the tax exempt Family Bond, investors can invest as much as they like above a minimum of £300 or £27 monthly from which £100 a year or £9 a month is allocated to the tax exempt part of the bond to provide a tax free lump sum at the end of 10 years.

FRAMLINGTON

EUROPEAN FUND

A New Unit Trust Aiming for All-Out Capital Growth

Framlington European Fund will aim for maximum capital growth through investment in shares quoted on the principal European stock markets.

Europe is now one of the most popular areas for investment. But it is a diverse and complex market: for investment success strong links with the continent are highly desirable. Our own were completed on 19 December by a subscription by Crédit Commercial de France into Framlington Group plc, enabling us to combine CCF's expertise and knowledge of the European market with our own eminently effective approach to long term capital growth.

THE FRAMLINGTON APPROACH

Our special style is to concentrate on smaller companies and try to identify those with really good growth prospects before the rest of the market recognises their promise, aiming for exceptional capital growth performance. The results of this have been good, especially over the long term.

OUR RECORD

The two previous Framlington funds which have most closely followed this approach have been Capital Trust, investing in UK shares; and American and General Fund, investing in the U.S.A. Both have done well.

Over the ten years to 1st January Framlington Capital Trust was the best performing of all the 271 unit trusts monitored by *Planned Savings* over the period. It turned an original investment of £1,000 into £11,462.

Over seven years, our American & General Fund (started 1978) was the second best performing unit trust out of the 26 investing in North American shares. It turned £1,000 into £4,339.

OUR EUROPEAN LINK

Crédit Commercial de France is a substantial French bank with offices in nearly 40 countries and with total assets of over \$16 billion. It has a distinguished investment division with over FF 27 billion under management. Its research department is strong in continental European stockmarket analysis, particularly in smaller companies; CCF has, for example, taken a special interest in the French *Second Marché*.

in which Framlington European Fund is authorised to invest.

The fund manager of Framlington European Fund is M. Philippe Héroult, who has been seconded to Framlington from CCF for this purpose. He will be our link into CCF's research, working in London alongside the existing Framlington fund managers.

TWO KINDS OF UNITS

Units are available in both income form (with a distribution once each year) or accumulation form (in which net income is reinvested). Since the aim of the fund is out-and-out capital growth, investors are recommended to choose accumulation units. The estimated gross initial yield is one per cent.

HOW TO INVEST

Until 14 February units are available at the initial price of 50p each. To invest, complete the application form and send it to us with your cheque to arrive by 3pm on 14 February. Applications of £10,000 or over will receive a bonus of one per cent additional units at the expense of the managers.

From 17 February units will be available at the ruling offer price.

Investors should regard all unit trust investment as long term. They are reminded that the price of units and the income from them can go down as well as up.

SAVINGS PLAN

There are facilities for investing by monthly direct debit, with the first allocation of units on 14 February. For an application form, telephone 01-628 5181 before 7 February.

GENERAL INFORMATION

Applications will be acknowledged; certificates will be sent by the registrars, Lloyds Bank Plc, normally within 42 days. The minimum initial investment is £500. From 17 February units may be bought and sold daily. Prices and yields will be published daily in leading newspapers. When units are sold back to the managers payment is normally made within 7 days of receipt of the renounced certificate. Savings plans can be cashed in at any time.

Income net of basic rate tax is distributed to holders of income units annually on 15 July. The first distribution will be on 15 July, 1987.

The annual charge is 1% (+VAT) of the value of the fund. The initial charge, which is included in the offer price, is 5%.

Commission is paid to qualified intermediaries at the rate of 1.4% (plus VAT). Commission is not paid on savings plans. The trust is an authorised unit trust constituted by Trust Deed. It ranks as a wider range security under the Trustee Investments Act, 1961. The Trustee is Lloyds Bank Plc.

The managers are Framlington Unit Management Limited, 3 London Wall Buildings, London EC2M 3NQ. Telephone 01-628 5181. Telex 8812599. Registered in England No 895241. Member of the Unit Trust Association. This offer is not open to residents of the Republic of Ireland.

INITIAL OFFER

OF UNITS IN FRAMLINGTON EUROPEAN FUND AT 50P EACH UNTIL 14TH FEBRUARY 1986

TO: FRAMLINGTON UNIT MANAGEMENT LIMITED, 3 LONDON WALL BUILDINGS, LONDON EC2M 3NQ

I/WE WISH TO INVEST £ (MINIMUM £500) IN FRAMLINGTON EUROPEAN FUND AND ENCLOSE A CHEQUE PAYABLE TO FRAMLINGTON UNIT MANAGEMENT LIMITED. I/AM/WE ARE OVER 18. FOR ACCUMULATION UNITS IN WHICH NET INCOME IS REINVESTED, PLEASE TICK HERE

SURNAME (MR/MRS/MISS/TITLE) _____

FULL FORENAME(S) _____

ADDRESS _____

SIGNATURE(S) _____

(Joint applicants should all sign and enclose details separately)

FRAMLINGTON EUROPEAN FUND

INCOME TAX RELIEF 1985/86

GREEN PARK

Green Park Health Care Plc.

Green Park Health Care Plc will operate nursing homes, residential homes and day care facilities, under a concept of co-ordinated care for the elderly.

★ Two important properties being acquired.

★ Offer share price 100 per cent backed by net tangible assets.

★ Investment offer carries full BES tax relief for 1985/86.

★ Experienced management team.

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1,700,000 Ordinary Shares

of £1 each at \$1.15 per share

payable in full on application

The subscription list will be closed when the Offer is fully subscribed or at 3.00 p.m. on February 24, 1986, unless extended prior to that date. No application is to be made for any part of the company's share capital to be admitted to the official list of the Stock Exchange or to the Unlisted Securities Market.

Copies of the Prospectus are available from

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Pensions

'Trust me' says Mister Gloomy



Bob Beckman

Albermarle Financial Planning Services in London and other insurance broking companies in Manchester and Chester.

Two different plans are being offered. The Personal Retirement Plan for the self-employed or those not covered by a company scheme. Alternatively there is the Directors Plan for directors and employees of limited companies, as well as partnerships taxed under Schedule E.

As with most pension plans of this kind, the charges are steep during the early years. In the first two years only 85 per cent of the contributions are allocated to units under the personal retirement plan, and only 82.45 per cent if monthly payments are less than £200 (the minimum monthly contribution is £50). It takes 10 years for a 100 per cent allocation of units to be achieved.

In addition during the first year all contributions are invested in so-called "capital" units, on which an annual management charge of 6 per cent is imposed. Thereafter the contributions go into accumulation units with a 1 per cent a year charge.

So there is little point in investing in the Personal Retirement Plan if you have only a few years to go, unless Beckman's fund performs spectacularly — a difficult achievement when adopting a low risk strategy.

The younger investor will have to decide whether or not Beckman's gloomy view will be justified in the longer term. There is an escape route. You can switch to other Lloyd's Life pension funds, run by other advisers, free of charge.

John Edwards

Student grants

Parents beware

IF A child is the beneficiary of your pension scheme, then beware the problems this might present when they reach university age and apply for a student grant.

My niece found herself in such a situation. Her parents were divorced and she became the recipient of more than £1,500 a year when her school-teacher father died before reaching retirement age.

At first, it seemed a useful windfall to help pay for her education. What she had not bargained for was that it would directly affect the size of her grant.

Her mother's income was sufficiently low for her otherwise to have qualified for a full grant — £2,168 a year as a student studying at a London college. But if students have income of their own — as she did from her father's pension — this influences their eligibility for a grant.

As with parental income, some student income can be "disregarded" in the assessment — £425 from any source and £1,285 if from a scholarship or similar award. However, this does not apply to pension or trust income. According to Department of Education and Science (DES) regulations, this income has to be taken into account when determining a student's grant.

However, while the DES might draw up the regulations, it is the individual local education authorities (LEAs) which administer them. And as I discovered, some LEAs are more generous in their interpretation of the regulations than others. Should your LEA (like hers) not fall into the more generous category, however, there is another way around the problem — if you plan ahead and are prepared to wade through the regulations — which even the DES

admits are a "hornet's nest."

Part II Paragraph 5 reads: "Where in pursuance of any trust deed or other instrument... any income is applied by any person for or towards the maintenance, education or benefit of the student... or payments made to his parents are so applied, that income... should be treated as part of the gross income of the parent."

In effect, this means that if money — say, from a pension fund — does not go directly to the student but is routed through the surviving spouse or guardian specifically for educational purposes, then it would not be treated as the student's income.

Money so routed could, of course, make the surviving parent liable to make, or increase, their contribution to supplement the student's grant. Even so, in most cases this would still give the student a bigger grant than if the pension money was paid to the student.

The lesson is clear. If you expect your children to go to university and your pension scheme allows you the option, avoid making your children direct beneficiaries of it.

Mary Lind



The cost of learning

MONEY CONSCIOUS 18-year-olds applying for a university place this year should consider the financial consequences. Student grants go further in some parts of the country than others.

The full student grant in England and Wales for all universities outside London, is £1,830. But there are wide dis-

parities in the amount that students pay in rent, food, paper and even a pint of beer in the union bar.

Sussex University, near Brighton, appears to be one of the most expensive universities in the country, with students paying up to £40 a week for a room in Brighton or Hove. Their contemporaries in Newcastle can get away with £14 a week. While students at Manchester University, prepared to live in rented-out council house accommodation, need only pay around £8 a week.

Most university halls of residence charge around the same amount — £17 a week for self-catering and £34 with meals provided. Kent is the most expensive at £22 a week for self-catering accommodation.

When it comes to insuring the goods and chattels in their room Manchester students may have problems. These already studying there say that no insurance is available for some areas of Manchester. Elsewhere, the average premium varies from £12 in Aberdeen to £27 in Liverpool.

Students up and down the country tend to pay roughly the same amount for a meal — the average is £1 to £1.50. But a cup of coffee is most expensive at Sussex, 30p against an average of 20p.

Kate Rankine

THE SCOTTISH INVESTMENT TRUST PLC

INTERNATIONAL GROWTH

Year to 31 October, 1985

TOTAL ASSETS £353 MILLION

Extracts from statement by the chairman, Mr Angus Grossart, I.L.D.

"We are particularly encouraged that a number of major policy decisions which we have taken in recent years are now proving to be correct and we expect the benefits of these decisions to begin to flow".

"We have achieved a total increase of 26% in stockholders' dividend income over the last two years. We believe that our future income prospects justify that level of distribution and we are strongly committed to a disciplined policy of improvement of our earnings performance".

1985 EARNINGS UP 13%, DIVIDEND UP 15%

"Our clear goal is to achieve and maintain a high level of total return over the years through a carefully chosen portfolio of growth equities. We bring to bear on that task a willingness to think radically in developing new sources and methods of profitable investment. This is reflected in our growing skills in unlisted stocks. We are also prepared to move decisively and on a large scale in the appropriate circumstances".

LISTED INVESTMENTS — UK £120 MILLION, USA £105 MILLION, FAR EAST £57 MILLION, EUROPE £36 MILLION, UNLISTED INVESTMENTS £23 MILLION

For a copy of the annual report, mail the coupon below (no stamp required in the UK) or telephone 031-225 7781.

To: The secretary, The Scottish Investment Trust PLC, FREEPOST, Edinburgh EH2 0DH. Please send me a copy of the 1985 annual report.

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Facing fearful odds

Margaret Hughes weighs the chances of hitting the premium bond jackpot

THOSE OF YOU who have been tempted to buy premium bonds by the recent advertising campaign run by National Savings may be pondering their true value. What are the chances of hitting even the smallest jackpot? Are premium bonds really a worthwhile investment?

There are no prizes for realising that the more bonds you hold, up to the maximum of £10,000, the greater the chance of winning a prize. And bondholders living in London, Lancashire and Yorkshire are more frequent prize winners than those living in less densely populated parts of the country.

But you may be less aware of the fact that some 18 months ago National Savings altered the prize structure and fixed the odds. Previously, the odds lengthened as more money flowed in so that between 1980 and 1984 the chances of any one single bond holder winning a prize had lengthened from one in 13,000 to 18,000.

To make premium bond investment more attractive National Savings stepped in to fix the odds at one in 11,000. This means that you have a one in 11 chance each month of winning a prize if you hold 1,000 bonds. However with just under 1.8bn bonds eligible to enter the draw each month the chances of any one bond winning the monthly or weekly jackpot are very small.

National Savings improved the odds by altering the prize structure so that additional funds invested in new bonds are now channelled to provide more smaller — £50 — prizes. As a result, 92 per cent of prizes won nowadays are only £50 whereas previously small prizes only accounted for some 75 per cent.

Any prize you win on a premium bond is tax free and unlike other forms of gambling don't lose your original purchase money. Whether or not you consider them to be a good investment clearly depends on whether you have a gambling instinct. The total amount paid out to prizes each month is determined by the average annual yield set by National Savings, but this is not changed very frequently. The current rate of 7.75 per cent provides prizes worth a total of £11m a month.

While the yield on premium bonds may show that they are a cheap source of funding for the Government, it is of little direct interest to most premium bond holders. Even on the basis that someone holding the £10,000 maximum has a one in 2.73 chance of winning a prize each month, they would not necessarily achieve the 7.75 per cent return given that such a high proportion of the prizes are £50. At least one of the prizes would need to be a larger one. By the same token, if someone with the average holding of £65 won a £50 prize in the first year this would give a return of 77 per cent.

Basically it's whether you win a prize or not that matters. Statistical analysts show that someone who holds the average of £65 worth of premium bonds has a one in 170 chance of winning a prize each month, but only a one in 58,500 chance of winning two prizes a month.

WOOLWICH 1985

RECORD HOME LOANS OF **£1,495m**

ASSETS UP 19% TO **£6,791m**

NET RECEIPTS FROM INVESTORS **£707m**

Over **400,000** new investment accounts opened

Successful growth in challenging markets

Points made by the Chairman, Mr Alan McIntock, C.A., in his address to the 138th Annual General Meeting held on 24th January, 1986.

1985 was yet another good year for the Woolwich. In an increasingly complex and competitive market the Society maintained its creditable record of success, lending a record £1,495 million to borrowers and achieving significant increases in net assets and operating surplus, as well as improving its management expenses ratio for the fourth consecutive year.

The Chairman welcomed the approaching enactment of the Building Societies Bill and with it the opportunity to extend the Society's services into areas such as housing provision, insurance broking and housebuying services which are a logical extension of its business. However he expressed concern that in certain areas the provisions of the Bill might prove unduly restrictive, affecting the ability of building societies to compete on equal terms with their main competitors. The Woolwich would argue strongly for the relaxation of restrictions that might force some societies to consider conversion to public limited companies and would seek to preserve its special blend of the mutual and the commercial.

The Chairman continued:

"I would say that the Society is without doubt passing through one of the most challenging stages in its long history. We are grasping the opportunities offered by technology to raise the standards of service we provide and we look forward to the opportunity of providing an improved range of services to our customers. In charting our course in volatile and changing markets we aim to enhance the Society's standing, to maintain its formidable financial strength and to provide effective service, competitive accounts and strong security to all our investors and borrowers."

Copies of the Annual Report and the full text of the Chairman's Address are available from the Secretary, Equitable House, London SE18 6AB.

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FINANCE & THE FAMILY

Taxman divorces wives

EVEN THOUGH more than 100 years have passed since the Married Women's Property Act 1882 gave married ladies the same right to own assets and receive income as their husbands...

The resident wife is then taxable in the UK on her own income and capital gains, subject to the usual annual exemptions...

Take the Green family: Mr Green is non-resident, Mrs Green is a resident and their 10-year-old daughter, they live in England...

UK property owned by Mr Green Taxable profit 4,000 Deduct: Allowances nil Chargeable to tax 4,000

Tax at 30 per cent 1,200 UK property owned by Mrs Green Taxable profit 4,000 Deduct: Allowances 3,455 Chargeable to tax 545 Tax at 30 per cent 163.50

Joint ownership would result in a liability of £600. Note too, that these figures would still have been correct had they referred to UK share dividends or trust income...

But separate treatment is not without its disadvantages. For example, a resident wife would be liable to UK tax on income from British deposit interest, gifts and overseas income...



worse: while the resident wife is entitled to an annual exemption of £5,000, her non-resident husband is completely exempt. But such a conclusion would not be entirely correct.

Since they are treated as separate persons, the normal rules—which effectively ignore transfers between spouses—do not apply.

Donald Elkin Donald Elkin is a director of Wilfred T. Fry Ltd.

Books have their rewards

During my student days in the 1950s I bought a number of old books, mainly in and around Kings Road, Chelsea. A couple of months ago a knowledgeable friend suggested I put them into auction which I did.

Tax Inspector. The bank has charged me £7.50 to meet search costs. The Tax Inspector says that I must bear this cost. In view of the fact that I told the Tax Inspector the truth plus the cardinal principle of English law that a person is innocent until proved guilty have I a legal case to ask the Inland Revenue to pay the £7.50 charge?

On the limited background data provided, we can only recommend you to write the £7.50 off to experience.

Outside the composite rate

We are retiring, my husband and I, to France. My husband will have his state pension and a pension from an insurance company. Am I to understand, he will not be liable to tax on his company pension? Also, if he was to leave money invested in a building society and arranged to have it paid without deduction of the composite rate, would he also not be liable to tax on the interest received?

The truth, the whole truth...

I was recently interviewed by my local Tax Inspector regarding a tax liability for interest received from a National Savings Income Bond. The interest tax liability totalled £1,008.20p which figure we agreed.

been published (but are expected any day now). It is however probably best to transfer the money to a deposit taker outside the scope of the composite-rate schemes, eg to the Channel Islands.

Paper profit in a company

I have a holding of 1,000 shares in a company which is about to be taken over. As I shall receive 1,000 shares of the new company in a straight exchange, there would be at present a purely paper gain of about £1,400.

No—assuming that you are talking about listed shares in a public company. It is always easier for us to help readers if they tell us which companies they are talking about, but we understand why some people prefer to keep their investments secret.

Bank's practice not justifiable

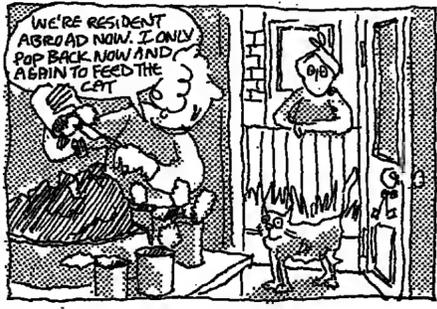
My bank has twice in recent months paid cheques of mine in advance of the stated date. Both were in favour of a credit card company to which I have for years written post-dated cheques to coincide with the due date of settlement, and so avoid having the account sitting around the house. My bank now informs me that it will pay a cheque as soon as



it is presented, irrespective of date. This seems to me wholly at odds with all accepted banking practice and virtually undermines the whole idea of dating a cheque. I would value your view of this curious procedure, which appears to me in put credit firms' needs before those of customers.

Rate-free entitlement

Last August I purchased a domestic property, completion taking place on the 16th. During the following six weeks the property was re-wired electrically and then decorated. I finally took up residence on October 4th. At no time was there an item of furniture in the property. I have now received a rate demand from the local council for a full rate term August 17th although the premises were unoccupied.



The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Table with columns for Investment Policy, Management, Share Price, Yield, Net Asset Value, Geographical Spread, Gearing Factor, Total Return on N.A.V., and Total Return over 5 years. Includes sub-sections for CAPITAL & INCOME GROWTH, CAPITAL GROWTH, and SPECIAL FEATURES.

NOTES TO THE TABLE (1) Not a company with warrants or options in issue. (2) More than 20% of the company's assets are included in directors' valuations. (3) Capital above and winding-up dates. (4) Incorporates recent revaluation of unlisted investments.

INDICES OF FIVE YEAR TOTAL RETURN: Investment Trust Average 286, FT - Actuaries All-Share 278, Standard & Poor's Composite 304, Tokyo New Stock Exchange 374, Capital International World 310, Excl. del. split capital. Adjusted for exchange rate changes.

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John Griffiths gives a user's view of two services for the motorist More than the channel can be choppy

THE MAIN cross-Channel ferry operators have made much in recent years of their efforts to improve service quality, allied to the introduction in some cases of larger and higher-standard vessels.

Nevertheless, the depiction of the ferries as a sure-fire painless, indeed enjoyable, way of starting or ending a holiday can still be over-optimistic.

This was brought home during a recent return crossing between Dover and Ostend, using Sealink. Our party comprised three adults, one child of five and a baby of 17 months.

A polite Sealink assistant informed us, on checking in at Dover's Eastern docks, that the 1 pm ferry would be about an hour late. Fine, we thought, this is winter, after all and some problems can be expected, even though the sea appeared remarkably calm.

We parked the car in the queue, and repaired to the restaurant and bar installed at the Eastern docks terminal within the past few years.

An electronic departure board declaring that the next sailing would be at 3.30 am caused temporary despondency until it was proved to be even more inert than the plainly bored and disinterested staff dispensing food—at best mediocre—and drinks.

No public address system appeared to be operating, nor was there any sign of life at the Sealink desk within the terminal itself. There was no way of knowing, in short, whether any of the ferries to be observed intermittently through the terminal window was "ours". In those circumstances, you clutch at straws—the straw in this case being a charron encounter with what I presumed to be a vehicle marshaller in the loo.

He guessed at a 2 pm departure. Somewhat relieved, I re-entered the check-in area to find a Sealink lady "manning" her desk. She thought about the same, but wasn't sure. So she consulted the board, which was not working. "No, it's not. Is there a P/A system?" Yes, but they hardly ever use it.

Well, how do we know when it's time to mop down offspring and make for the ferry? "Oh, your best bet is to keep looking out of the window."

A watch detail was set, amid surely needless uncertainty, and eventually we made the boat. But it was not a good start.

The Belgian staff of the vessel on which we crossed provided some compensation. Even in the service-conscious US it would be difficult to find

a more cheerfully helpful group, proffering ready service on everything from hotels through street directions to the best place to buy booze and chocolates.

The on-board restaurant's food may have been indifferent and expensive, some £35 for three steaks, one starter and an all-but undrinkable bottle of red wine. But at least we felt the staff were on our side.

The cabin, too, was comfortable—it needed to be, for we spent nearly two hours more than the four and a half scheduled tussling around off the Belgian coast. I'm sure there was a perfectly reasonable explanation. What a pity, then, that no-one seemingly could be bothered to provide one—even though the ship's p/e system very definitely worked.

By comparison with the return crossing, the outbound trip was breeze. We were booked on a 1.30 pm sailing. At 10.30 am, I made what I expected to be an unnecessary check with the Sealink office that there were no problems.

"Oh," said the once again cheerful, and, yes, helpful, young Belgian manning the desk, "the 1.30 is not running. But you can join the queue for the 5.30 pm."

What did he mean, "join the queue"? Simply that—we'd

been booked on the 1.30. Since that wasn't running and we did not have a reservation for the 5.30, we would have to take our chances on there being room on the later boat—it was very full.

No, he didn't know what had happened to the 1.30, sorry. But I was committed to being back in England that evening.

Sorry, he couldn't help.

Table-thumping eventually produced a firm booking. But we would still have to take the car through customs and into the docks at the same time as if we were retching the 1.30.

He seemed stuck for a rational answer to a most colourfully-phrased question as to why this should be the case. The reservation and embarkation system was really quite complicated, he pointed out, and could not be upset.

But that meant four hours of waiting with the car! Had he any idea of what that entailed with a five-year-old and a baby? He was apologetic, expressed much sympathy—but still nothing could he do.

At this point it must be said that the infant Charlie had (a) developed a cold and (b) vomited off distinctly aerated breast in his first close encounter of the digestive kind with a languonette.

Appalled at the prospect

yawning before us, I blew first my top end then my cover.

We had set off, quite deliberately without benefit of public relations departments or other assistance, to use the service like any family seeking to traverse the channel.

But hardship in pursuit of objective research has its limits.

Our young Belgian friend, armed reluctantly by us with the knowledge that we were "road testing" the service, made a couple of phone calls. He donned overcoat and disappeared for 10 minutes into the bowels of the docks. He returned with a grin to say we could just drive in at 4.30.

We did, indeed, make the ferry. We even—by dint of a wifely, Zola Boudesque sprint through the beaving mass of pre-Christmas shoppers—secured the last unbooked cabin.

We were home with our two, by-then unspeakable, offspring at midnight.

Douhless, Sealink would say that ours was an isolated experience—that 99 times out of 100 all goes well. Douhless, that is the case—certainly in terms of departing or arriving at the time the traveller originally envisaged.

Yet one could be forgiven, when the sum of experience on

aboard and return trips is added, for concluding that some at least of the "like it or lump it" spirit has lingered on into the supposedly service-conscious 80s.

We could have no criticism of the young Belgian at Ostend. He was as helpful as he knew how to be, within the constraints of a seemingly unwieldy system.

Yet how would we have felt had we, say, driven the length of France and arrived exhausted at Ostend to confront the same situation—and without the facility to pull any strings? Why, at Dover (not the ferry operators' fault) should we feel ourselves viewed as a minor, but irksome, intrusion on the terminal staff's day?

The conclusion that all is not yet plain sailing on the ferries was to be reinforced on two subsequent planned ferry "road tests." The following weekend, we were about to settle into the car again on the way to a crossing to Calais via one of the European Ferries' new Townsend-Thoresen vessels. But memories of previous, troublesome and enjoyable Townsend-Thoresen crossings remain un-updated. By radio we learned that services had been halted—by industrial action, which would last for two weeks.

Maybe the fixed link is not such a hed idea after all.

FERRY DEPARTURES
YOUR GUESS
15 AS
GOOD
AS
OURS

COSTS IN AUGUST ON SHORTEST CROSSINGS

	METRO		SIERRA		ROYFER	
	Family of four	Peak Off-peak	Two adults	Peak Off-peak	Family of four	Peak Off-peak
Townsend	162	124	158	114	151	120
Thoresen	164	124	162	116	154	128
Sealink	180	138	174	126	204	182
Hoverspeed	134	118	142	124	198	150
Sally Line						

Return journeys entering more than one day. Family fares calculated with two children aged 4-11. Children under 12 go free on Townsend, Hoverspeed and Sealink; first child under 14 free on Sally Line.

Routes: Townsend, Sealink, Hoverspeed (Dover-Calais), Sally (Ramsgate-Duikirk).

Motorail

Nightcaps without qualms

UNTIL THE start of this year, the last time we had used the British Rail's Motorail service in the UK was more than a decade ago.

The experience was memorable for its cost, the grumpiness of the sleeping car attendant, and the loud, dead-of-night conversations between train and platform staff during the odd stop-off on the long journey north. The sensibilities of actual breathing passengers, as perceived by BR staff it seemed, were of the same order of magnitude as a crate of Scottish kippers. A King's Cross to Edinburgh Motorail journey early this January was an entirely different experience (except for the cost).

We checked into the Motorail depot more than two hours before the 11.35 pm departure time, handing the car keys to an extremely courteous and polite attendant. Plans to "road test" the station buffet were thwarted—the "closed" sign was up about six minutes before the official hour.

The bar at least, however, had been the subject of recent substantial, and by and large tasteful, expenditure—and BR could hardly be held responsible for the odder characters who hang around such places late on Friday nights.

Our sleeping compartments on the Inter City 125 were something of a revelation—small, yes, but fitted out to a high standard. Reasonable storage space, hangers, scrupulously clean washbasin, bedding, even disposable shoe polishing cloth—for the eight hours or so of occupation, the facilities were more than adequate.

The fact that we were escorted to our compartments by a cheerful, again very polite, lady attendant; that she made sure there was nothing amiss; that she both suggested nightcaps and had delivered same, on tray, with mineral water and other civilised accoutrements, in about two minutes flat was not at all the stuff of remembered times past.

Nor was the journey itself. The difference that the Inter City railings stock, with its air-conditioning and heavy sound insulation, makes compared with its predecessors on daytime trips—but on a sleeper doubly so.

We may have made stope on the way up; train and platform staff may have exchanged views at the top of their voices. If

they did, I knew it not. Between nightcap and tap on the door, my smiling lady with piping hot coffee, biscuits and our final approach to Edinburgh station, lay nothing but an unbroken night's sleep.

Within ten minutes of stepping onto the platform our car was unloaded and ready to attack the Scottish hinterland. And so, totally refreshed, were we. Previous drives to Edinburgh and twice the early morning subtle seemed like bad dreams by comparison.

We would have ordered snacks on the train at which, a full meal can be provided if booked in advance. The snaz, of course, is cost.



Our road route to Edinburgh would have covered about 430 miles. Even allowing for a somewhat leaden right foot and use of one of BMW's latest eling-shots, the M5551, I doubt if we would have used more than 24 gallons of petrol—around £45.

For that sum, plus a few coffee breaks, we would have transported up to five adults.

The one way Motorail journey for car and two adults, first class, cost £150: £107 for car and driver, £43 for one adult passenger. The bill for five adults, therefore, would have been £279.

Travelling midweek, car and just driver would cost £95. Travelling second class, meaning two berths per compartment not one (otherwise, the standard facilities is the same) drops miles and miles. Adult fares are £90. The fare for children is £26 first class, £18 second. These are rates which

apply to early May, end summer rates inevitably go higher. Daytime Motorail trips in the UK are cheaper, but few in number.

Clearly, the fuller the car, the wider the cost gap between the slog by road and the comfort and convenience of Motorail. Nor is the reduction for return trips significant (our trip, if return, would have cost £237).

It's all down, then, to what value you place on comfort and freedom from the stress of driving.

Motorail might have been pioneered in the UK, but is of course available on the Continent.

SNCF's French Motorail annually carries 1m passengers on 130 routes up to 800 miles in length. It is over longer journeys that cost calculations become more complex. Only a masochist would attempt with his family a non-stop, 800 mile run from Calais to Nice.

So how much should me elbow for one, or two, or three nights' hotel stay on the way? The daily Motorail service leaves at 7.30 in the evening, arrives at around 10 the next morning. This summer the basic charge for car and driver, one way, will be £215.60 first class, £188.20 second. Add £82.10 each additional adult, first class, £54.80 second. Children aged 4-11 cost £41.10 first class, £27.50 second. But to that must be added (mandatory) sleeping berth charges—from £5.50 per berth for a couchette (six in a compartment, ad hoca you're all friends), to £62.70 for a first class sleeper.

Again, this form of travel clearly does not come cheap, although the situation improves somewhat if a through booking, including ferry crossing, is made from a UK port. In that case, a car and driver fare, without sleeper and one-way to Nice from Dover, would cost £236.20 first class.

There can be drawbacks other than cost: a colleague, travelling en famille, was disappointed to find that only cold food customarily is available on even the longer routes.

But if your pocket is deep enough, as a way of starting a holiday—or, indeed, ending one without feeling the need for another to recover—it leaves the airport and the autoroute way behind.

J. G.



One of the 130 routes operated by French Motorail. Originally created for the British market in 1957, it now carries more than one million passengers a year

Packages

The charm of the gite

THE OLD concept of a motoring holiday as true adventure—facing the unknown road, and taking pot luck with wayside restaurants and accommodation—is long since dead, except by choice.

The range of packages being offered to motorists by tour operators, the ferry services and motoring organisations themselves now almost rivals in variety the air packages business.

They cater to all sectors of the market, from basic camping holidays to pre-planned tours embracing the grandeur of Europe's hotels.

They have also become sufficiently flexible to allow plans to be changed on the way—a family falling for a particular region through which they had expected to pass quickly, for example, should find it possible to remain there—cancelling accommodation planned for further down the road. Alternatively, some companies operate systems whereby the first night's accommodation is only booked with vouchers provided for hotels in areas which the holidaymaker intends to visit subsequently.

Some of the packages on offer are described below. They are not necessarily recommendations,

merely illustrations of some of the types of holiday on offer.

French Travel Service, the inclusive holidays arm of SNCF, the French rail system, offers a number of packages under the banner of "Les Vacances Vertes". The choice is wide, but with quite an emphasis on gites, ruzans, those modest country houses or flats which scattered through the length and breadth of France—and subject to a rigorous grading system—in recent years have become an increasingly popular goal for holidaymaking Britons.

FTS embraces camping holidays and hotels, even its own holiday village at Ste Maxime.

One particular advantage of the packages is that one can plug in to the Motorail network as part of the package.

A very varied range of holiday packages similarly is offered by the London-based French Leave organisation, although motoring holidays form only part of its operations, which include air travel linked with hire cars.

CH Holidays, which started life as Canvas Holidays 21 years ago catering initially to campers, this year for the first time has gone to the other end of the spectrum, with what it is

promoting as the Grand Tour, a 15-day tour taking in attractive cities like Bruges and Florence.

The £690 price of the package is based on high season (April to October inclusive) and a car carrying two people, and includes return ferry travel and half-board accommodation.

The AA, through its Argosy by Car operation, concentrates on France but has a selection of other packages embracing also Spain, Germany and Belgium. In price terms, they range from as little as £41 per person for a week in a French gite, or £55 for two weeks. One quite attractive element in the packages is that a charge of £15 is made for every child between the age of four and 13, on any of the packages and throughout the year.

Attractive as the prospect of a motoring holiday on the Continent may be, there is no denying that the whole business is rather more complex than one based wholly within the UK.

Holiday UK, a non-profit organisation which specialises in offering UK holidays through retail travel agents, now forms an excellent starting point from which to plan a British motoring tour avoiding all of the surviving "nasties."

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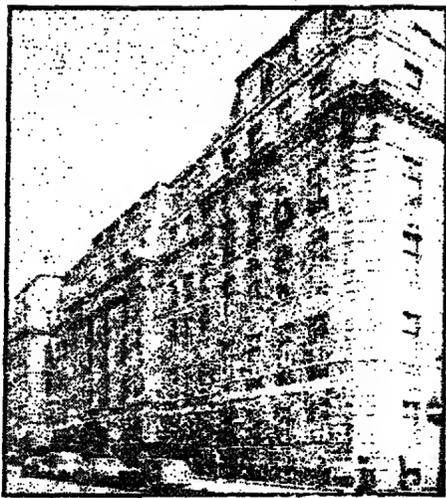
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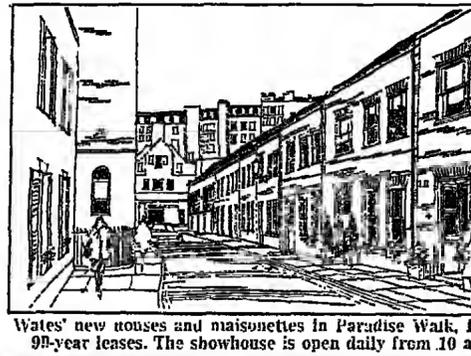
New deals for leaseholders

THE LONG residential lease is essentially British. In most other countries you either buy or rent your home. With a British freehold the more you pay on your mortgage the more you own. As the terms of a lease diminishes, so does your stake in the property.



The Howard de Walden Estate at 2 Mansfield Street, London W1, where 36-year leases can be surrendered and renewed for 75 years

legally compelled to sell the freehold of a building in flats in many cases he will be willing to do so, particularly if there is no real advantage in retaining it.



Wates' new houses and maisonettes in Paradise Walk, London SW3, for sale on 99-year leases. The showhouse is open daily from 10 am-6 pm (01-351 6487)

When home is a houseboat

A WATERSIDE home within reach of work and schools is a dream which usually carries a high price. Yet in the past year a small place at Chiswick in Chelsea, perhaps the most fashionable riverside address in Britain, was bought for only £12,000—while a luxurious three-bedroom home on the Thames at Hampton Court fetched a mere £40,000.



Houseboats in Little Venice, London

The trend took off when motor torpedo boats were pressed into service during the evacuation crisis after the war. It spread along the Thames and other rivers like the Medway and Arun, on the Norfolk Broads and on the Isle of Wight. At the same time, the 2,000 miles of canals and inland waterways were rediscovered, and production of modern forms of narrowboat soared.

holidaymakers and a few caretakers. Many owners brazen out illegal mooring for years. Ken Baker, freed from work and family ties in his fifties, cast off in a 38 ft narrow boat three years ago "just to chug around and enjoy myself."

Aranco Overseas advertisement for The RITZ Presentation, Piccadilly, featuring dates for viewings and contact information.

Paradise Walk, Chelsea, London SW3 advertisement by W.A. Ellis, describing a new development of houses and apartments.

FOR SALE advertisement for Sheltered Homes in a quiet location, offering independent advice and contact details for SHS.

FLATS IN THE AREA OF REGENTS PARK advertisement for a 2-bedroom flat with a terrace and parking space.

GEORGE KNIGHT & PARTNERS advertisement for The Letting Agents, providing contact information for property services.

FREEHOLD BLOCK OF FLATS FOR SALE BY FORMAL TENDER advertisement for Macready House, Crawford Street, London W1.

For Sale ISLE OF MAN advertisement for a small farm of land with a 2-acre building site.

FLATS AND HOUSES FOR SALE AND TO LET advertisement for properties throughout the docklands area.

SHORT LETS advertisement for a Knightsbridge apartment with a reception room, kitchen, and bathroom.

SPAIN, CANARY ISLANDS, PORTUGAL, MADEIRA, ITALY, GIBRALTAR AND FLORIDA advertisement for real estate services.

GUERNSEY advertisement for a small farm of land with a 2-acre building site.

TICHERST, EAST SUSSEX advertisement for a house with planning consent and a large garden.

BRANKSOME TOWERS BOURNEMOUTH advertisement for a superb original luxury show flat.

GRAND DUCHY OF LUXEMBOURG advertisement for a unique chateau with 18th-century features.

VILLARS SWITZERLAND advertisement for an exclusive resort, 70 minutes from Geneva, offering skiing, swimming, and golf.

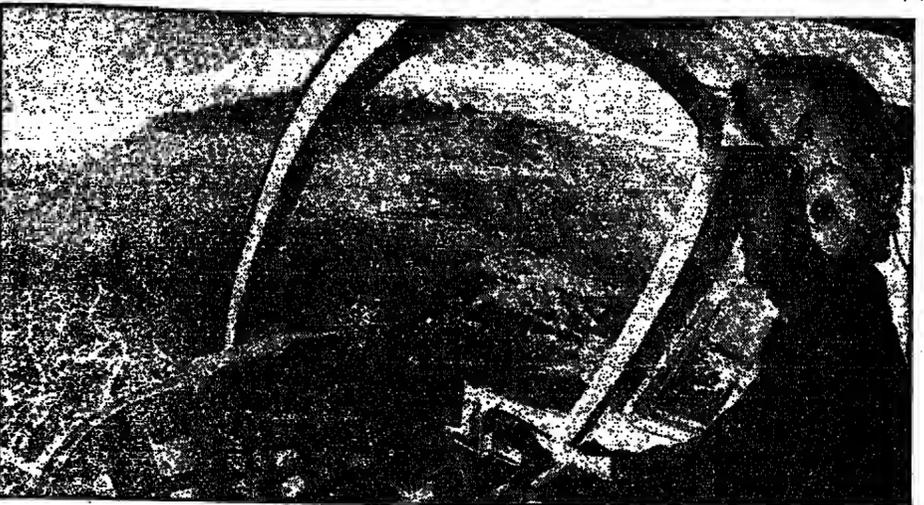
SWITZERLAND Gstaad Valley advertisement for a 2 to 5 room apartment available for foreigners.

UNIQUE SWISS CHATEAU advertisement for a 5,000 sq metres property just 10 minutes from Lausanne.

Company Notices section containing several notices, including the annual general meeting of Stanwick International Corporation SA.

Gardening article titled 'The enduring charm of chrysanthemums' by David Lawson, discussing the history and cultivation of these flowers.

TRAVEL • MOTORING



Over New Zealand's Southern Alps in a skiplane

On top of the world down under

CHRISTCHURCH International airport, in New Zealand's South Island. A heavy military transport, wings and fuselage striped in bright orange, lumbered skywards bound for the United States Antarctic base at McMurdo Sound, around 2,000 miles south.

of the Hermitage Hotel, they are awesome and as memorable as anything I have seen in the Rockies or Himalayas. These mountains have proved a challenge to the most experienced and hardened climbers and they were used as a training ground by Sir Edmund Hillary, one of the two men who conquered Everest in 1953.

After a night of the Hermitage, the national park's appropriately rustic hotel, I took the short flight south to Queenstown. This resort town, on the edge of Lake Wakatipu, has 600,000 visitors a year, many winter sports enthusiasts attracted to the largest developed ski area in the South Island.

Ulster's golden roses

THE MAYORAL chains of Portadown, County Armagh, and Newtownards, County Down, are unlike any other chain of office in the world. The Portadown chain is made entirely of gold medals won by the McGredy family for their roses.

son George, and grandsons Alexander II and George II began experimenting with cross-breeding their own varieties. Their first new variety, offered for sale in 1887, did not take London by storm. But gradually, through trial and error, they evolved their own system. Vindication came in 1892 in the form of a National Rose Society gold medal for the pink hybrid tea, Mr W. J. Grant.

"sitting absolutely still, staring at one rose for a full half-hour," according to contemporary report. And his roses were a hit. In 1919, at a Norwich show, he won three gold medals and three certificates of merit. The by-now famous Dicksons won one of each. No one else won a thing.

I HAVE been thinking a lot over the past few weeks about the sad experience of a lady salmon fisher. For five years she had eyed one of the better Welsh rivers, with absolutely no luck; then, on the last day of the season, she felt the magic double tug on her line. Eventually, and with some difficulty, she played the fish towards the shore.

Country Notes Rules to play by there to be kept, even if they frustrate my killer instinct. There was a time when my conscience was kept absolutely under control by never catching actually fishing a neighbour's water (I have extraordinary good eyesight) although I once had what I felt was a good precedent for deviating a bit from the strict boundary of my own beat.

purpose I would now land it and, if it was sufficiently undamaged, return it carefully. A year or so ago I would have killed it straight away, and perhaps even hoisted of the exploit. Not any more.

With my new-born purity of... John Cherrington

Stuart Marshall's continuing story of the flying bonnet Cars and the angry customers

A FEW weeks ago I told the story of the driver of a Montego estate who was lucky to avoid death or serious injury when the bonnet flew up at 70.75 mph in the overtaking lane of the M4.

There were bonnet lifting incidents like Mr Simpson's followed by refusal to admit liability to pay for repairs and sundry problems. Some were dangerous (total, though transient, brake failure in a Metro); others puzzling (a quote of £85 for a Mini spare wheel and tyre stolen from the boot which, a London reader says, was forced open merely by hand pressure on the lid).

in discussing the incident in any depth." And a Tynesider, whose wife has had two Minis and is about to buy a third, commented on Mr Simpson's Montego incident: "Is this not just the latest manifestation of ARG relying on the customer to do the development and refinement of the models it puts on the market?"

It is out the whole answer, but better communications will help. "No-one even said they were sorry for my Montego incident" was one of Mr Bill Simpson's main complaints. And the dismissive style of the letters his solicitor received would have infuriated me as much as it did him. Not all ARG letters in response to customer complaints are like that. Some I have seen were models of their kind. They still said no, but nicely.

Mr Simpson, who had started pressing for a recall, through the Consumers Association and the Department of Transport, shortly after the incident, was so disgruntled that he sent me all the correspondence. He thought other readers might be interested. He accepted that a similar incident could have happened with any make of car and wondered whether another maker's reaction would have been the same as ARG's.

EUROPE'S MOST practical small car, the Fiat Panda, has been substantially improved for 1986. The two-cylinder oil-cooled engine—a hangover from the Fiat 126 which powered a basic model not brought into Britain—and the 903 cc four-cylinder have gone. In their place are 769 cc and 1-litre versions of the new Fiat Fire engine, already used in the Fiat Uno and Lancia Y10 and soon to be seen in other makes of small car.

angular but roomy body, though it is even better protected by plastic mouldings from minor shunts or careless door-openers in car parks. The great success of the original Panda—more than 1.5m sold in six years—shows that in an age of increasing sophistication, demand remains strong for a simple, rugged and adaptable car. IN ITALY, most Pandas are bought as family transport.

power to the Panda EUROPE'S MOST practical small car, the Fiat Panda, has been substantially improved for 1986. The two-cylinder oil-cooled engine—a hangover from the Fiat 126 which powered a basic model not brought into Britain—and the 903 cc four-cylinder have gone. In their place are 769 cc and 1-litre versions of the new Fiat Fire engine, already used in the Fiat Uno and Lancia Y10 and soon to be seen in other makes of small car.

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Starting from scratch. Karen Elder's first steps in a ballroom

The way we danced till tea

I HAVE ALWAYS envied those people who make ballroom dancing look easy...

I found little method in the teaching. Lessons consisted more of social chat than concentrated learning...



Karen Elder taking instruction at the Dance Club International

using fancy steps and turns in a very correct manner. As we shuffled round, saying "sorry" every two minutes as we bumped into other people...

enough to take advantage of the live band and the marble floor, and really enjoy themselves.

tuition is in something that people aren't doing in the 1980s. I learned to waltz, tango, swing, rumba and fox-trot.

Costs

T. C. Dance Club International (American method), 1 Durham House Street, The Strand, London WC2, 01-930 0622, or 53 Hyde Park Gate, London SW7, 01-581 0382.

Dance Studio (English method), 13 Blandford Street, London W1, 01-723 9578. £9 per one-hour lesson, and you can book and pay as you go, no membership required.

All he could see was a denim skirt and pumps, but as we rhumba'd (or lumbered) across the room and he breathed in my ear...

- Have more fun out of life—Of course (my answer); ● Be admired for being a good dancer—Naturally; ● Exercise—Yes; ● Relaxation—Can't have it both ways; ● Expanding your social life—My date the instructor; ● Acquire more grace and poise—Like Ginger Rogers; ● Impress a particular person—Fred Astaire; ● What do you think is wrong with your dancing?—Not enough sequins on my dress. Can these questions be

I learned to take small steps in the fox-trot, and big ones in the waltz. It was carefully explained where the down beat comes in a rhumba; and how not to shuffle in the cha-cha.

Still in pursuit of romance, and with six lessons behind me, I was ready for the real world. Donning my smartest high heels and a full skirted dress I invited a brave friend to the The Damsel at the Waldorf Hotel.

A group of American businessmen were earnestly discussing deals at a table in the corner. They finally put on their Burberrys and departed. "Meet me at my hotel for tea, it is quiet," must have been the invitation; little did they suspect they would get us and a dance band too.

£700 for one year's membership, entitling you to 20 private lessons, three group lessons a week, a party every two weeks and the use of the hall to practice. The Gwyneth Walshe

Saving California's finest

THE HUNTINGTON collection is one of the glories of California. On the night of October 17 there was a disaster. An electrical fault in one of the elevators started a fire...



An Indian village in North Carolina; illustration from a work in the collection published in Frankfurt in 1590

The Huntington is built round the private collection of Henry Edward Huntington (HEH) who established it as a research institution in 1918.

The grounds—over 200 acres—are landscaped into a series of exotic botanical gardens. Every lunchtime the resident scholars, botanists, and art historians take their daily constitutional.

The library was always the founder's own special joy, and the other things were mainly there to provide an ambience. For years he spent several hours every day with his books, and his broad knowledge was much commented on by visiting scholars who had no right to be surprised.

of sixteenth and seventeenth century books many of them unique, as well as the famous Ellesmere manuscript of Chaucer. Huntington bought the archives of the Marquess of Hastings whose family name is Huntington. 40,000 documents in all, covering the 12th to the 19th century.

The Huntington is now one of the great intellectual resources of the world. It contains 600,000 printed books and nearly 3m manuscripts. Its material from the Elizabethan age, the English Renaissance as Americans call it, is unsurpassed.

The director, Robert Middlekauff, who is a historian encourages visits from scholars and the general public. A selection changed a little month by month is on show in the Exhibition Hall. It is quite an education in itself.

William St Clair

WE ALL use vinegar. It could be a natural product like Sarson's Malt Vinegar. It could be chip-sop vinegar—often, sadly, non-brewed condiment. Or it could be the most primitive, original and simple of vinegars, produced by a slow and ancient method using a "mother."

Let us deal with the non-brewed condiment first, and quickly. This is not vinegar at all. It is rightly banned in France and Italy because of its unnatural origins. Made from a derivative of crude oil refining, it is diluted with water and offered as the real thing—only because it is cheap.

Now let us consider vinegar in its other commercial form. Crushed, malted barley is soaked in hot water to form a sweet liquid. The solids are extracted, and yeast added to turn sugars into alcohol. Now it has become a sort of beer.

Brew-it-yourself vinegar

Old wine in new bottles

making vinegar. Take any fermented liquid, put it into an open bottle or jar, mask it from flies with gauze, keep it in a warm place and, in a month or two, or three or more, a "mother" will probably form on top of it (warmth speeds the process).

This "mother" is a gluey-like substance, which will turn the alcoholic brew into vinegar. The alcoholic base could be wine of several colours, cider, mead or home-made brews made from likely or unlikely fruits or incredible substances.

Although it is thought that a wine mother will not start a cider jar going, I have proved



this to be false. (Or, perhaps, a cider mother would have formed on her own account, anyway.)

A true vinegar jar is best acquired for the continuous creation of vinegar. It holds five litres and has a wooden tap

set into the jar about a third of the way up. When the liquid level of wine-dreg tip-ins or sour wine has reached a height above the tap level, the jar of liquid should be left undisturbed while a mother forms on the surface—with or without the aid of a piece of someone else's mother (preferably with).

As the mother forms to work her magic, she will give off a strong, acidy, pear-drop smell. Wine dregs may now be tipped in from above (weekly if possible) and vinegar drawn off from the tap as required. Agitated mothers, such as these, may form jellyfish-like filaments. But it is best to forget about what goes on inside the jar. However, mothers may be discarded or given away when their energy falters and they sink to reduce liquid volume—by which time, a child (or series of children)

will have formed to continue successful vinegar-making.

A mother, undisturbed from above by "tippings-in" will be the most effective converter for making a one-off quantity of vinegar at a time. And mother-made vinegars such as these may be sterilised by placing the uncapped, filled bottles in a bain-marie for 20 minutes at F 160—then capped when hot.

Strong alcohol does not take kindly to conversion and should be diluted with water to "wine" strength. And sulphur in wine will be in conflict with the mother's actions.

Vinegar, "mothered" or common, may be flavoured by steeping in it, garlic cloves, tarragon or rosemary branches, chilies or pils-pils (a mixture of most of the former ingredients with black and white peppercorns). This unique fluid may have been christened vin-argre by the French, but it is far more than sour wine. It is a delectable and vital liquid especially when it has been made by your very own "mother."

James Page-Roberts

CHESS

THE STAR player at this year's Hastings congress had a name besting the occasion. Stuart Conquest, who won the local club title at 11 and was then world under-16 champion, made an impressive debut at the age of 18 in the traditional international where he shared third prize with a strong Russian grandmaster.

First place, however, went to the highest ranked competitor, Margerit Petruson of Iceland, who was unbeaten and able to ease up in the final rounds: Petruson 9 1/2, Mikhailchishin (USSR) 9, Balashov (USSR) and Conquest 8, Braga (Italy), Greenfield (Israel) and Hjartarson (Iceland) 7 1/2, Fedorowicz (USA) and Watson (England) 7; and five others.

Only three British players were included, and I believe it would benefit both Hastings and our international advance if several more young home experts were given their opportunity next year.

Since Kasparov became world champion, there have been several rumours of changes and dismissals in the Soviet chess hierarchy; but the pair who came to Hastings are both noted former Anatoly Karpov aides which suggests that the old guard can still pull strings leading to desired overseas travel. Balashov and Mikhailchishin beat the tournament with a series of draws culminating in a quick half point against each other on New Year's Eve. This proved a watershed, and for the remainder of the event the Russians gained steadily on the leaders.

Meanwhile, the world title saga continues. The USSR Chess Federation this week an-

nounced a six month postponement of the Karpov-Kasparov series.

This is a blow to London's bid to host the world championship—largely dependent on GLC funds, which will not be available after the council's abolition on April 1. However, the organisers have a spare place in the GLC International at the Great Eastern Hotel on March 12-27, and propose to offer that to Kasparov.

Karpov has just competed in the IBM International in Vienna, where he tied for third behind Belyavsky and Korchnoi. Karpov is already seeded to meet the winner of the final match in the current round of championship play, where in the semi-finals, Soviet leads Vaganian 4-1, and Timman leads Yusupov 2-1.

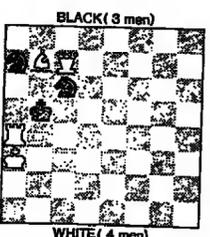
A fine win by young Stuart Conquest at Hastings: White: E. Formanek (US) Black: S. Conquest (England). Opening: Benko Gambit (Hastings 1985-6).

1. P-Q4, N-KB3; 2. P-QB4, P-R4; 3. P-Q5, P-QN4; 4. P-P3, P-QR3; 5. P-K3, P-KN3. Nowadays it is recognised that the main line of the Benko Gambit, shown here, gives Black good long-term pressure for his sacrificed pawn. Many players with White now prefer to decline Black's offer by 5. N-QB3, P-P4.

6. P-KN3, P-Q3; 7. B-N2, B-KN2; 8. N-KR3, O-O; 9. O-O, N-KR2; 10. P-B4? N-KN5; 11. P-K3, P-B5! White's formation on moves 8-11 looks suspect, locking in his own QB and weakening the light squares around his king; hence Black's fast strike at the Q8 square is justified.

12. N-R3, N-N5; 13. N-N3, B-QR3! White now had a long think before replying. The defensive 14. QN3 would be met by 14... R-N1, keeping up the pressure.

PROBLEM No. 604



White mates in three moves at latest, against any defence (by P. Benko). This picturesque miniature problem, cast in the form of a figure seven, was composed by a US grandmaster and endgame specialist.

Despite the sparsely populated playing area, the puzzle is far from easy to solve from the diagram without setting up board and men.

Leonard Barden

BRIDGE

A BRILLIANT defensive coup, which defeats a seemingly impregnable contract, sets a defender up for the rest of the session. The players, sitting East in today's two hands, must have felt really uplifted. The first deal is from a rubber:

N. 10 9 8 2, 6 4 3, 4 Q 10 9, A Q 5 4. W. 7 10 8 2, A 5 4 3, K 7 5 3 2, A J 10 8 2. E. 6 4 3, K 9 7, A K Q J 5, 6 4, 9 6 3.

At game all South dealt and bid one heart—and went four hearts after a double raise from his partner.

West opened with the spade Queen, and the Ace won. East, no mean performer, wondered if there was any way of defeating the contract. He had made one spade, and it was reasonable to expect to score his two diamond honours, but where could a fourth trick be found? It was pretty certain that there was no trump trick for the defence, and the club finesse, if South did not hold the King, was right. The light dawned. There was just one hope of putting the contract down—if the declarer held three low clubs, the vital fourth trick might be found in that suit. But that suit must be attacked without delay. Defenders are not keen to lead into tenaces, but East saw that a club must be led immediately. He returned the two, and West's King forced the Ace. South drew trumps, and led a diamond. East won, and led the club Knave, setting up a trick

in the suit before the diamonds could be established for a discard.

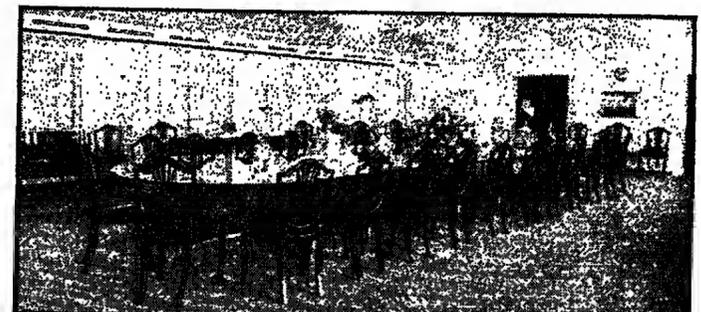
The second hand, from a pairs event, goes deeper:

N. A Q 9, K Q 8, K Q 7, J 5 3 2. W. 10 8 8 2, K J 5 4, 7 5 2, J 10 5 2, 8. E. A K Q 4, 10 9 8 7 6, 7 3, A J 10 9 6 3, A 9 6 4 3.

North dealt at love all and bid one no trump. South replied with three hearts, and North rebid three spades, accepting hearts as trumps, and showing the spade Ace. South disclosed his second suit by bidding four diamonds. North said five diamonds, and South went to six hearts.

West's club King was ruffed in hand, and South cashed Ace and Queen of hearts, upset when West failed to follow to the second round. He crossed to the diamond King, then returning not the Queen, but the seven, to guard against a possible singleton on his right (which proved to be the case).

A poor player, sitting East, would hastily ruff, glad to make a useless trump which the declarer had "forgotten" to draw. But if he ruffs, he is ruffing a loser, and the declarer will be able to discard two of dummy's spades on the now established diamonds, and ruff his spade loser with dummy's last trump. But this East was — he discarded a club. Now the declarer had to concede a diamond or submit to a ruff. This meant that the slam depended upon the spade finesse, which was offside. E. P. C. Cotter



Where policemen and Piteairners eat—the Britannia's dining room

Yachting with the Queen

I FIRST saw the Royal yacht Britannia's capacity for accommodating temporary guests off another hot coastline on the other side of the world from Aden. I was doing research for a book about Captain Bligh and his mutineer, Fletcher Christian (recently filmed as The Bounty), and had determined to follow in the wake of their turbulent, ill-fated vessel to its final resting place at Pitcairn Island. Then I discovered that the only vessel going in my direction was the Britannia.

It was anchored at Bilbao, the western end of the Panama Canal, and I was invited aboard by the Duke of Edinburgh. As a result, I can confirm all the nice comments of the Aden refugees this week. I was led to the wardroom where officers rose from white linen-covered sofas and armchairs and a settle round the mock fireplace. I at once felt transported back in time and place to the 1930s and a stockbroker's house in Esher. The heavily paneled walls were dominated by portraits of the Queen and Prince Philip. The furniture and deep pile carpet were as much in keeping as the discreet bar in the corner. A pink gilt, old man's My eye was also caught by the gleam of silver and glint of cut glass in a large annex. Dinner for 20 was laid, three glasses to a setting, claret in decanters down the centre. All this was in keeping with the yacht's origins and intended for owner, King Edward VIII, whose portrait never adorned

these walls. Instead, an abdication and a long war intervened and this £2m "medium-sized" naval hospital ship, to be used in time of peace as a Royal yacht, was not finally laid down until 1962. When the Britannia made its first appearance in January 1964, it was "the epitome of all eyes." To this day, from raked bow to cruiser stern, its elegance and smartness draw admiration wherever it sails. The Britannia's duties, aside from rescue operations, call for a large crew. For the 200 and more petty officers and yachtsmen (not ratings), the ship is decidedly cramped. In my time aboard it was hammocks and no air conditioning below decks—just fans. That has all changed now, but living quarters are still more like the officers' cabins are small, if agreeably comfortable. Penetrate beyond the broad mahogany doors, however, and a different royal world opens before the guest: a quiet, discreet world where cabin doors close with a whisper, the dimensions are wide and deep, and shades of grey predominate. A broad staircase dominates the hall, off which is the library. On a long cruise, the centre mahogany table bears the newspapers of many days and weeks ago — the only objects that look worn.

There is a tiny bar in a corner of the hall from which drinks are dispensed while guests await their hostess and host. Then, to dine. The first

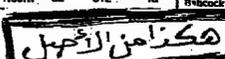
guests when I was on board were the hierarchy of Ecuador with their wives and ladies, from the chief of police to the even more fearsome service chiefs and El Presidente himself.

There is a peculiarity of ocean voyaging in the Royal yacht. At nightfall, the accompanying RFA supply ship creeps ahead as the Britannia's speed is reduced to minimise engine vibration and allow the royal family and their guests to sleep. Day and night, the yachtsmen wear rubber-soled shoes.

So, across the Pacific we sailed by way of other delightful islands in Pitcairn, the last home of Fletcher Christian, and one of the remotest and most beautiful islands in the world. We dropped anchor in Bounty Bay, above the sunken, burned wreckage of Captain Bligh's ship. And out came the people in small, smartened-for-the-occasion boats—every one of them. They had come to tea — a meal of gargantuan proportions, the menu for which had been exercising the ingenuity of the Britannia's officers. All problems were finally solved by presenting these kindly, lonely people with what they like best and eat most: thick whitebread sandwiches, tropical fruit and an especially appreciated 'fom, lee cream.

Richard Hough

Mr Hough's most recent book is Former Naval Person: Churchill and the Wars at Sea.



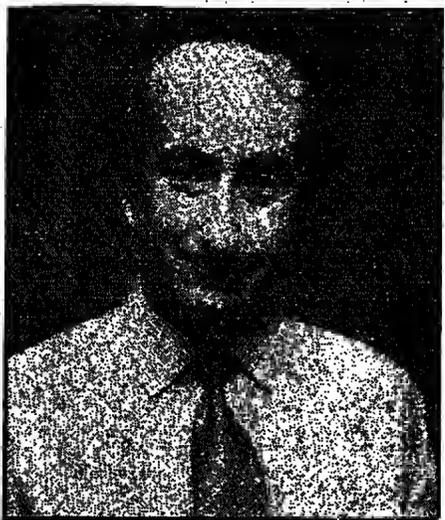
DIVERSIONS



George Davies, chief executive, J. P. Heppworth & Son: "On the whole I buy and choose my own ties. I'm extremely interested in them but, of course, I'm very influenced by what Next for Men is doing. My wife, knowing that I love ties, sometimes buys them for me when she's abroad—in fact it's the most frequent present I get. I tend to wear rather conventional well-cut suits and a tie is my one chance to be rather more fashionable. In fact shirts and ties allow me to make the sort of statement I can't risk in my suits. The ties I like at the moment tend to be in lilacs, greens or peachy colours. They are much more colourful than they used to be. I like particularly a pastel jacquard that Next for Men is doing. I don't like cloth ties very much—I think they are too much of a label, a lazy sort of status symbol."



Scott Crolla of Crolla, 35 Dover Street, London W1: "Inspiration behind one of the liveliest and most avant-garde of menswear shops in Britain: "I like ties which border on the vulgar—I like the fact that this small piece of material has immense potential to disrupt. You can be wearing a sober shirt and then have this 6 inches of anarchy running riot among the conventional attire. The fashion today is for ties to say something—bold patterns and eccentric fabrics are as much the norm now as polka dots. I loathe regimental ties both for what they say and for the fact that they are so badly designed. This small strip of material is all a man has to enliven the space between his neck and the top of his trousers so it must be bold and lively. Above all, I can't bear ties that WORK."



Ralph Halpern, chairman of the Burton group: "All my clothes are important to me—after all, people sense the kind of person you are from the way you dress. I like a tie to co-ordinate with my suits and with the colours and fashions of the season. I am obviously not typical, being in the fashion business, but I mostly buy all my ties myself. The other day I bought a batch of 48 from Harvey Nichols all at one go—they are marvellous. They come from all the big names. I mostly wear ties from the more specialised shops like Hilditch & Key in Jermyn Street—I find the Jermyn Street shops tend to be that little bit in advance of the multiples, and, after all, I've got to produce an image that doesn't startle and yet is a bit ahead. These ties alert me to changes in mood and fashion and give me ideas for Burton, Top Man, and Principles. When I go to Paris I tend to look at more classical collections, and usually buy something from Yves St Laurent and Hermes. I own about 100 ties—mostly simple ties with a bit of colour. I dislike large, floral ties or those with Hawaiian patterns that look more suitable for the beach than the office. Muted florals and paisley are the patterns I'm wearing at the moment."



Sir Christopher Hogg, chairman of Courtlands: "I've become extremely interested in ties over the past few years. Partly it is because we are a textile company and so I've become very preoccupied with colour, fabric and design. I've also got pretty fussy as time goes by. I don't like ties that are too broad or too insubstantial. I like ties with weight and fullness, a certain feel and quality to them. I love getting ties as presents, and my wife Anne and our two daughters buy them for me quite often—I got about half a dozen at Christmas—and I buy them for myself as well. I used to go for sober ties, usually in navy with a small pattern. They were really rather dull. Now I'm getting steadily more interested and more adventurous. I'd never wear a bow-tie or a symbolic tie except occasionally a Vincent's tie (an Oxford sporting club tie) or the one belonging to my parachute regiment. I love Turnbull & Asser ties, but I find that for travelling silk ones get dirty very easily, so I always take a Burberry woollen tie in a good serviceable colour when I'm travelling. Now that I'm interested in ties I find I have a tremendous turnover in them—I throw out at least 20 or 30 a year."

Photographs by Trevor Humphries, Hugh Houghton and Alan Sharp

Setting the style in stars, stripes and spots

Every tie tells a story

"ONLY FOOLS," said Oscar Wilde, "don't judge by appearances." I should like to paraphrase that a little: only fools, I would say, think that appearances do not matter. Take ties. There are few more potent ways for a man to signal a message to fellow man than by that small piece of fabric he knots around his neck.

Sober polka dot on navy says serious, reliable, middle-stream professions. A solid, perhaps, or something in the Foreign Office. Woolly ties have long been the badge of red-brick universities, cringing vegetarians and Michael Foot. Paid-up members of the design-conscious set go for bow-ties or obviously unusual ones by Memphis or Paul Smith. Small animals, spots or paisley on thin woven silk, predominantly red or maroon, is Sloane Ranger taste. Eccentrics real or would-be always wear bow ties.

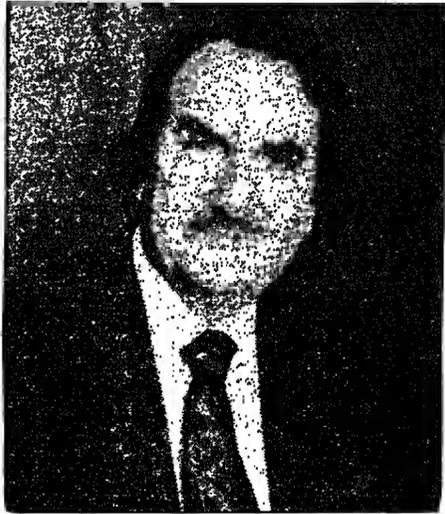
Then, confusingly, there are those who regard it as a badge of personal freedom never to wear a tie at all. Stripes, though, are hardest of all to read. Unless you know the code, this is a hard language to crack. Those who wield most real power have least need to wear a tie to proclaim their status—which accounts for the fact that an Old Etonian tie is more likely to arouse suspicion than reassurance. Real members of the club have no need to proclaim their membership.

I like to recall the story that Tim Heald tells in his book *Networks* about the former Speaker of the House of Commons, now Lord Tony, who bought a good dark grey suit for his arrival at Westminster in the 1950s. Then he saw a tie that went with it very nicely so he bought that, too. On his first day at the House he turned up in his new grey suit to be greeted with uproar from the Tory benches. They were frantic. He turned to Jo Grimond and asked, "What's wrong with them?" "I think it's you," said Mr Grimond.

"Are you aware," asked the trembling Tory chief whip, Captain Chichester-Clark, "that you are wearing an Old Etonian tie?" "No," said the then Mr Thomas. "I got it at the Co-op in Tonypandy."

A timely reminder that the language of ties is complicated. You always have to take into account the chap who might have bought his tie at the Co-op.

While the fashion for "symbolic" ties may be diminishing fast (few captains of industry I spoke to would dream of wearing one), sales of ties themselves are rising fast.



Lucia van der Post
HOW TO SPEND IT

Sir John Harvey-Jones, chairman of ICI, spent many years in the Royal Navy where he would, of course, have been tied to regulation ties and short hair-cuts, so it is not surprising that he seems to have branched out in his new civilian life. His wife buys almost all his ties. He has about 150, and they tend to come from such establishment emporia as Yves St Laurent and Christian Dior. Opinions about them vary. Some think them very adventurous and dashing; others say they remind them of nothing quite so much as the "interference on early colour television."

Last year, it is reckoned, some 30 million found their way from store to wardrobe and that the average British male owned 13. Harry Bonser, chairman of the Tie Manufacturers' Association, tells me that never before has the demand for English madder silks, English figures, stripes and spots, been so high. Every aspiring, upwardly-mobile foreigner, it appears, wants to look like an English gentleman.

Harry Bonser himself would never dream of wearing anything other than a hand-made English woven silk one ("I find Goddard's dry-cleaning powder is a good way of cleaning the mat home") and just at the moment paisleys are, he says, flavour of the month. The original tie, I am sure you know, was a simple Macclesfield silk square folded in seven. You chose your silk, and it was custom-tied for you. It looked good and thick with a big, bold knot. If you have a hankering to try one, Harvie & Hodson of 77 Jermyn St, London W1 sell a ready-tied Macclesfield Square (prices start at £14.50), and so does Mr Fish of 52 Pimlico Rd.

In recent times ties tended to be printed on crepe de chine because it allowed a lot of scope for patterns, but lack of body in the material tended to make ties look tired quickly. Now more manufacturers are using a gutsier silk which has more texture and makes a firmer knot.

It is the weight of silk that determines a really good tie—22 oz silk, lined, and made by hand, are the hallmarks you should look for. Lesser ties are made of 16 oz silk with padding to make them seem thick and luscious. Hand-made ties have soft, rounded edges, and it is this that makes them difficult to clean—most dry-cleaners tend to press them, leaving sharp, flattened edges, so search out the best dry-cleaner you can find (more about this later).

Over at Turnbull and Asser of Jermyn Street, where some of the finest ties in the world are sold, Nigel Butler is firm—there is no real way to clean a tie properly: "gentlemen should take care not to slop their food." He confirms that while club

and regimental ties are always popular, they are certainly not what he would call fashionable ("It's the Americans that like them because they are so English.")

Given that this small piece of cloth is what Graham Toog of Austin Reed calls "the last romantic thing left in a man's wardrobe, his chief way of adding colour, interest and zest to his person," it is surprising how little fashions vary. Width is the chief indicator of change. It was Mr Fish, you may remember, who introduced us to the "kipper" tie back in the

1980s—and quite a stir it caused at the time. Today the mood is for ties 9cm wide (though Mr Fish himself these days sports a plain coloured silk knitted tie). At Harvey Nichols menswear department Chris Templer is laying bets that it will not be long before the kipper tie is back.

Mr Fish is a great believer in paying attention to the way you tie the knot. "You can tell a man by the way he ties his tie," he says. "A tight knot means he's rather repressed—you know, the sort of hook-kneeling type, slightly mean. A knot that is tied too loose means a slightly flashy type. Very dull ties," he says, "speak of a man who is frightened and insecure, although some very insecure men may depend on very expensive ties instead."

For those who are interested in trying something a little bit more adventurous without looking outrageous or, heaven forbid, "creative," Paul Smith of 43-44 Floral Street, London WC2 could be the place to go. Though he is probably the favourite designer of the arty set, he understands that men in

the City and industry need to dress the part and he has developed to a fine art the knack of providing a look that is entirely appropriate yet at the same time a little bit more fashionable, a little more interesting than that provided by the classic gentleman's outfitters.

He is very fond of ties, believing that it is the one chance the man "tied to the kit" has of adding a little humour, individuality and interest. For those who are not "tied to the kit" he has a collection of 1940s ties, some unworn (just discovered lurking in forgotten warehouses) some old. These are selling like the proverbial hot-cakes. They vary from the really smart to the kitsch (whether an original hand-painted Salvador Dali like one in the batch, or a mass-produced number, all are £15 each).

Everybody agrees that the really big problem is how to keep the wretched things clean. Mr Harry Bonser uses Goddard's dry-cleaning powder with some success. Graham Smith of Austin Reed thinks that foulard silk, which absorbs wine and

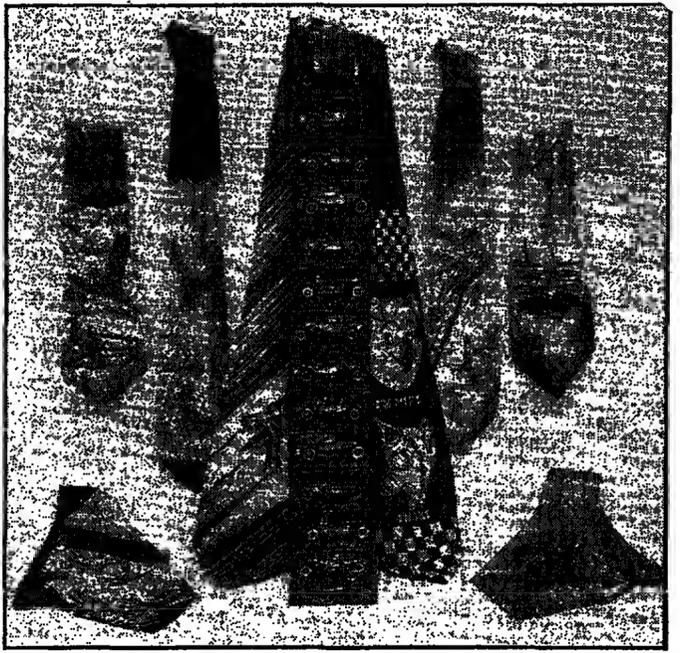
food stains like blotting paper, should be treated with a guard like Suedeguard. Chris Templer of Harvey Nichols recommends Celebrity Cleaners of 155a Wardour Street, London W1 and Lilliman & Cox of 34 Bruton Place, London W1 as the best cleaners he knows. Sir Christopher Hogg of Courtlands recommends Jeeves of Belgrave, which has done an excellent job for him. Above all, they all agree, don't send a treasured tie to the ordinary corner cleaner.

At the Tie Rack, William Hobhouse, who reckons his chain of 60 shops selling hand-stitched 16 oz silk ties at incredibly low prices has done more to persuade more men to take an interest in their ties than anything else in the tie world for

years, is working on the problem. "We're looking at the whole problem of protecting and cleaning ties and it won't be long before we have something definite to offer." Watch this space.

In the meantime, as he points out, Jeeves does an excellent job but charges £3.25, about a third of the price of a new (Tie Rack) tie for the privilege. He thinks it would be nearly as practical just to buy more ties. (But then he would, wouldn't he?)

But if all you want to know is what sort of tie to buy, the answer from the Tie Rack to Harvie & Hudson, from Paul Smith to Austin Reed, is loud and clear. Buy any sort of a tie so long as it is a paisley.



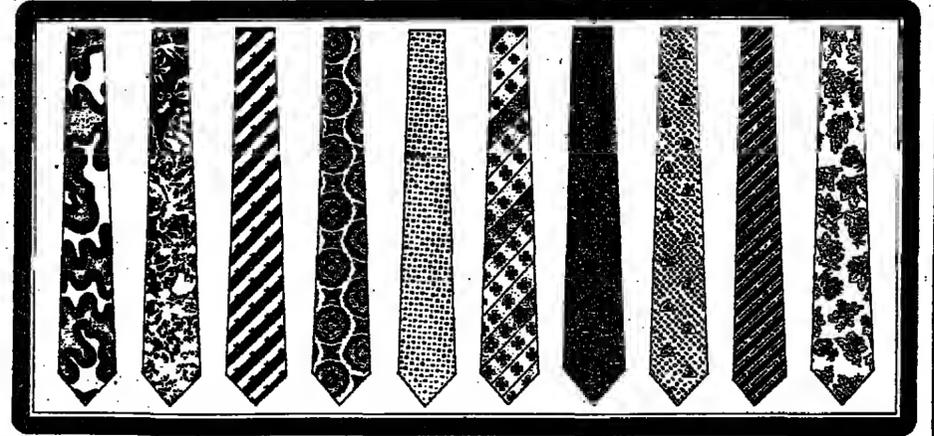
Samples of Paul Smith's collection of 1940s ties—unworn or secondhand; some tasteful, but mostly plain kitsch. Collectors snap them up at £12 a time

The cheapest silk ties I know are in the sale at Tie Racks' many branches. For £3.99 and £5.99 you have quite a choice of 16 oz Italian silk ties (heavy-quality English silk starts at £12.99).

If you are prepared to spend between £15 and £25 you can choose from the best in the land (so long as you don't hanker for one of Sulka's silk jacquard versions embellished with 18 K gold thread at £75 a throw).

Sketched here from left to right are some of the most dashing around:

Bright and bold red, turquoise and black, £27. Paul Smith; Smudgy floral in red, blue and green, £25. Mr Fish; Red and blue stripes with fleur-de-lis motif, £21. Turnbull & Asser; Grey background, red, blue and green medallions, £18.50, Austin Reed; Dark red, green and red yellow spotted, £15. Hackett; 65b New Kings Rd; Black, grey and maroon stripes with blue and yellow motifs, by Jean Paul Gaultier, £29.95. Harvey Nichols; Navy blue background, green, red and yellow paisley, £15. Hackett; Mustard background, grey horse's heads, £16.50. Paul Smith; Green and white "favourite things" tie, £25. Mr Fish; Oyster self-patterned tie with the occasional bright blue and pink flower, £24. Crolla.



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BOOKS

Woolsack wonder

HENRY BROUGHAM: HIS PUBLIC CAREER 1778-1868
By Robert Stewart. The Bodley Head £18.00. 408 pages.

THE OFFICE of Lord Chancellor has usually been filled by sedate, respectable figures, experienced in politics, though normally on the moderate, cautious side of their party, and of course learned in the law. This is what one would expect is not the Chancellor "the Keeper of the King's (or Queen's) conscience, as well as being the head of the legal profession".

But there are exceptions. One could hardly describe in those terms Lord Birkenhead who made an excellent speech at a political meeting when he was so inebriated that he forgot that he had made it and was, only in the nick of time, prevented by his secretary from writing a letter of apology next day for not having turned up. Nor would one thus categorise Lord Lyndhurst, said to be the prototype of Gilbert's "highly susceptible Chancellor" who shared the same mistress with his protégé and aide, the youthful Benjamin Disraeli, although he was over 30 years older. But these digressions from the normal pale into insignificance compared with Lord Brougham, the subject of this excellent and scholarly biography.

What other Lord Chancellor has played "hunt the slipper" with the Great Seal at a house party, or attended the Edinburgh Races in wig and full robes—drunk, according to some, but they may have merely assumed that no one sober could have done it? He was on the Woolsack from 1830 to 1834. There was then a brief hiccup in the Whig ascendancy. It is not surprising that Lord Mel-

bourne, back again in 1835, decided not to re-appoint him. He lived till 1868 when he was nearly 90 but never held public office again.

Like the elder Pitt, Brougham exhibited many of the symptoms of the manic depressive—bouts of dark despondency succeeded by far longer periods of ebullient energy. He was by every account a great orator only rivalled in his day by Charles James Fox before him and Macaulay after. He was a demagogue and a rabble-rouser. He was a superb advocate and threw himself into the part, in the most famous effort was in the "trial" of Queen Caroline in 1820. Dr Stewart rightly points out the misnomer, for it was not a trial but the hearing of evidence before the Lords on which to base a "Bill of Pains and Penalties" (some-what like a Bill of Attainder) to deprive the Queen of her title, a essentially political not a judicial matter.

The Government did not know that Brougham had a witness to prove George IV's previous illegal marriage to Mrs Fitzherbert but withdrew the Bill nevertheless. When the unhappy Queen died in 1821 every cathedral tolled its bells with one exception—Durham. A Mr Williams in the Durham Chronicle described the omission as "conduct which renders the very name of our established clergy odious... it sinks in the nostrils." The chapter sued for criminal libel in the summer assizes of 1822. Brougham was briefed for the defence. The night before the trial he was pacing the bank of the Wear. A barrister whom he knew approached him Brougham shouted "Avant! depart! I am distilling venom for the Durham clergy!" Brougham had many virtues.

He was a brilliant journalist and wrote with incredible speed large chunks of the early numbers of the Edinburgh Review. He was on the "progressive" side in an era of high Tory reaction. He was a great believer in education at a time when the ruling class regarded the diffusion of knowledge to the "lower orders" as subversive and perilous. "I trust to the schoolmaster armed with his primer more than I do to the soldier in full military array for upholding and extending the liberties of the country," he declared when the Duke of Wellington became Prime Minister. He was educated at Edinburgh University, then in his prime, and was spared the torpid rigidity of Oxford or Cambridge. He was a founder of London University. The charge that he accepted the Woolsack from personal ambition is not true. It was pressed upon him by Lords Grey and Althorp as a sine qua non of Grey forming a Whig administration. He took it with extreme reluctance, persuaded that the greatest popular orator of the day, as he truly was, had a duty to be a member of a Cabinet pledged to reform.

The trouble with Brougham was his gift for making himself ridiculous and inspiring mistrust. He thought he knew everything and he could never stop talking. He was quite prepared to tell a brewer how to brew and a British Museum keeper how to describe his collection. Peacock in Crotchet Castle makes him "the learned friend" whose sixpenny tract on hydro-static causes Dr Folliot's cook to fall asleep, upset her candle and set alight to the curtains. His duplicity gives him the name of "Lord



Henry Brougham in the House of Lords sketched by A. Wirell in 1831

Facing-both-ways" in *Gryll Grange*. To Greaves who had once been a friend he is "old Wickedshifts" or the "Arch-Fiend." He was impulsive, erratic, tortuous and disingenuous. He was far less of a true friend to Queen Caroline than his Tory enemy Canning who had nothing to gain from mob uproar in her favour. Dr Stewart charts his vacillations with devastating effect. The Whigs valued his rhetorical support but would not make him their leader in the Commons. He hoped to be Prime Minister. There was never a chance.

"The British People," Disraeli observed, "being subject to fogs and possessing powerful Middle Class require grave statesmen." Brougham lacked

gravity. He spent 33 years of anti-climatic political exile — part of it in Cannes which he made fashionable, though his French accent was such that he was credited with "the gift of unknown tongues." As Chancellor he made some useful minor legal reforms and cleared up arrears of business, but the verdict must be "a brilliant failure." Dr Stewart has written a most entertaining biography of the most eccentric Lord Chancellor in our history.

Robert Blake

Lord Blicke is *Princess of the Queen's College, Oxford, and author of books on Disraeli, Bonar Law and the Conservative Party.*

Fiction

People living on the edge of night

- ENEMIES AND OTHER STRANGERS**
by Christopher Leach. Dent, £9.50, 162 pages.
- THE PRICK OF NOON**
by Peter De Vries. Gollancz, £5.50, 333 pages.
- STROKE COUNTERSTROKE**
by William Camp, Michael Joseph, £9.95, 191 pages.
- ASPECTS OF FEELING**
by Peter Vansittart. Peter Owen, £10.95, 251 pages.
- AN ABSOLUTE HERO**
by Emrys Humphreys. Dent, £9.95, 184 pages.
- THE CALIFORNIA DESERT**
by Emrys Humphreys. Dent, £9.95, 184 pages.

to live. In Egypt a nervous young officer is put in charge of a trainload of Afrika Korps escapees. In a fairground to Cheshire, the smallest man in the world, a circus and suffers the torments of the public with agonising stoicism. Enemies and Other Strangers. It need hardly be said, is wide ranging in scope, more so even than Christopher Leach's previous volume of short stories *Sears and Other Ceremonies*. Refreshingly direct too, a very professional body of work, no words wasted, no time lost in getting right in the heart of the matter, whether a London schoolboy demanding protection money from his teacher, an Oxford entrant calmly admitting to a dreadful crime to keep her family together, or a happily married man fending off gay advances on the train. The author writes with great economy, great skill, an exact lesson in how to put the words together, how to catch the reader's attention and hold it throughout.

Do to the week's novels, Peter De Vries's *The Prick of Noon*, a satirical look at the world of pornography through the eyes of slick East Coast Eddie Teeter, an upwardly mobile maker of (and occasional performer in) "sexuations" videos. These he markets as marital aids, a highly profitable exercise that brings him a huge limousine, a girlfriend from Vassar, and serious ambitions on Hollywood.

All goes like an American dream until the Moral Majority hits back with a \$5m class action, followed by a grand jury indictment and a possible five-year prison sentence. Thereafter Eddie's world rapidly falls apart. His limo is peited with kumquats, his girlfriend decides to stick with her own kind, he winds up on the street, more or less where he started. A morally tale of a sort delivered by the author's customary New Yorker wit, plenty of word play, plenty of flip one-liners, but a little short of substance overall, not quite as sharp as it otherwise might have been.

The same is true of William Camp's satirical *Stroke Counterstroke*, his eighth novel over-

all, but his first for 15 years. A sign of the times perhaps that what has tempted him out of hibernation is a Downing Street caper, a power struggle between ministers, trade unionists and the officials of a minor nationalised industry, villains all, none of them capable of giving a straight answer where a crooked one would do.

The subject is close to the author's heart. Himself a former Parliamentary candidate and No 10 press adviser, he is all too familiar with the ins and outs of the political process, the endless self-serving skulduggery behind the scenes. His humour inclines towards the traditional — MPs in brothels, alcoholic Privy Counsellors, judges with a fetish for leather—and there are rather too many characters, but he is plainly enjoying himself hugely at his former masters' expense.

Politics again, albeit peripherally, in Peter Vansittart's *Aspects of Feeling*, the story of a grand pre-war couple, Roger and Janet, Kirkland and the three schoolchildren who spend holidays at their country house while parents are away running the empire. Roger is a high-brow public servant, one of the ruling elite. As they grow up the children keep in touch with him and with each other, while pursuing adult careers as concert, teacher, aspiring poet. Some nice touches here and there, particularly in the evocation of that magic, pre-war world, the bond that holds all five characters together. The author's oblique style doesn't always serve his central purpose, but old fans who know what they are looking for will not be disappointed.

Emrys Humphreys approaches the 1930s from a totally different viewpoint, that of the hunger marchers and militant Welsh miners, for whom a better world can only mean a Marxist tomorrow. The fourth of his novels about school-teacher Amy Parry, *An Absolute Hero*, charts her career from marriage to John Glydd More to a renewed affair with old flame Pen Lewis. En route to glory in the Spanish Civil War, the story is lucid enough—for a political tract—but it is hard to believe that the Welsh, even down among their cabbages, are as parochial, dour and humourless as the author makes them out to be.

Nicholas Best



Sky Paths

Report by Anthony Curtis
Literary Editor

THE IDEA for this Competition came to me from reading Norman Nicholson's poem on Halley's Comet in his collection "Saa to the West" (Faber, £3.95). It opens like this: "My father saw it back in 1910. The year King Edward died. Above dark telegraph poles, above the high Spikad steeple of the Liberal Club, the white Gas-lit diads of the Market Clock. Beyond the wide Sunst-glow cirrus of blast-furnace smoke. My father saw it fly. Its thirty-seven-million-mile-long kine Across Black Combe's black sky. And what of me. Bond four years too late? Will I have breath to wait. Till the long circuiting commercial traveller Turns up at his due?" Mr Nicholson happily has had "breath to wait." He is alive, well and living in Cumberland, writing a new poem about the Comet to be broadcast on Kaleidoscope. Like many who entered for the competition it was a bitterly cold night when he scoured the sky and he talked to see it before I die. "I wanted to see it before I die," he told me, "but I didn't want to die seeing it."

In a strong and lively response to the competition, the thought of the comet prompted many poems about mortality and the brevity of our lives. "Be still my child do not despair/You may again it see/For in 2061/You'll be only 83" wrote Mrs Rita Twiston Davies; while Diana Every mused: "Four generations of a family's life Linked by a fiery trail across the night, For now my young may have the chance you had As I may, I am only sad You are no longer here to bid the night. A similar note was struck by Mrs Barbara E. Rivers: "Nothing seen and yet I have my sighting. Small daughter with a tail of fairest hair, Hand held warmly, listening and looking up. Years ago in a farm field. Unlike Norman Nicholson, Dr Mary C. Hughes just managed to get into the act last time round: "But, as Beatrice said, a star danced Amid the gloom—and then. To my great delight, and joy 't chanced that I should see I was born in nineteen-ten! John MacRae was one of many who having heard talk of sightings from an older generation fell cheated at seeing nothing this time. However: "Reflecting on life in review, I food in re-runs that: Many another dream faltered and faded And failed to show, too. Most competitors were not nearly so philosophical and the whole thing threatened to degenerate into a catalogue of complaints: "Two nights it rained and five it froze/Not only our feet, but also my nose" (Mrs Anne Newton); "A crick in my neck, a pain in my thigh" (Daniel H. Naaviti);

I brought binoculars to spy the beast. They cost me thirty quid. The lack of an agreed pronunciation of the eighteenth-century astronomer's name was another favourite theme: "Halley, Hawley, Halley. What a lot of fuss!/All those learned people/Really conned us." (Miss M. A. Haddon); "It kept me busy, what a Wally," (Peter Buller); likewise Francis Maud; and also Anthony Singsby whose pay-off was: "Denounce it: can't Pronounce it; Trounced by it—I comment. Pity, back to city, thinks: "No Halley—no comet." Talking of the City, several entrants expected the Comet to arrive with a Big Bang, and Katherine Ward Dyer ventured to suggest: "It seems that like the TSB/We heard more than we'll ever see," while David Lazzell saw it manifesting a dire warning: "Those spacecraft sent up in the comet. Relayed far from space its device: "Privatise Gas, Constellations" But urging was far from precise. The ball, though our audio Like Hall's, Orchestral in tone; "Remember MS" it sang, passing "And leave economics alone." Disappointment was more muted from those like Jonathan W. Downing (aged 102)—there were several poets in this age-group—young enough to have a sporting chance of seeing it next time round. "I looked at it and wondered/world I ever see it again?" Leaving this question unanswered, I returned to my domain, (Luxman N. Money 14). Inventive work too from Susan Lang (9), Mark A. R. Javad (12) and an acoustic poem from Secna Gosrani (11).

Among the grown-ups, poems by John Battersby, V. N. Petty, Joan Hill, John W. Scott, Dr W. I. Scott, Stephen Instone and Len Smith survived all but the final sifting. First prize (£100) goes to J. Closs. I append a translation of his poem for which I am in debt to Andrew Hobson. Equal second are the other poems printed below whose authors each receive £25.

And drawing across the spacious firmament its flaming cross. But on beholding the kindly services to mankind of the Christmas Child, the star confesses them to be the lighter than any of its own and rejoices to be the Child's inferior. Whoever you are that search for Halley's star, Raise your eyes on high And there? You will be permitted to see a Sign of Everlasting Glory. This star, which in beauty and quality of light is superior to the sun's own orb, Proclaims that God has come to earth in bodily flesh. May this comet, in olden times considered a portent so gloomy, prove now to be a bearer of good fortune, a well-omened partaker of the universal Light. A COMET IS AN ANCIENT FEAR This long-haired star ruined men and nations. Drove women mad, deformed children, Filled all the world with perturbations. It was the thick smoke of human sin Burnt before the face of God, Of the flash of the Devil's grin. When Halley said this dirty clod Of ice would always reappear On its astral promenade, The comet's nature wasn't clear. Even science, blessed with observation, Found poison in the comet's rear. A comet is an ancient fear A portent of creation, Trapped by the presence of a star In eccentric isolation. Ben Asa East, 1716 Decree Avenue, West Columbia, SC 29169, USA.

ON NOT SEEING HALLEY'S COMET IN 1985 Bright Star, would I were a child as you were! That I had seen you through my telescope And not the imprint of my grandson's thumb Or some lurid burn of alcohol, and hope! Halley! You should be living at this hour! Your comet needs you, Sir, and so do I! Dupe of the media's persuasive power, I nightly peer into a cloudy sky! Unlike Kest's labled watcher in the skies, Your comet never swims into my ken. And I confess my only wild surmise Turned out to be the lantern on Big Ben. Meanwhile I stand here getting a stiff neck Silent upon a roof in "Trotting Be"! R. P. Plowden-Wardlaw, 46 Malvern Court, Onslow Square, London, SW7 3HY.

HALLEY'S COMET, 1986 You thought you saw the Comet and flashes coming from it? You confirmed from the star map on page four? You've learnt the constellations? You're expecting scotillations? It's not nearly as exciting as they swore! You may have heard from dear old men who saw it back in nineteen ten. When the earth was passing through the Comet's tail, There was no end to the panic and screams Messianic. And gasses all cyanic to inhale. But Halley whose prediction was held with some conviction, On appearance of the Comet three before, Regretfully, albeit, he didn't live to see it. Does that he do you? Does it make it make you feel less sore? H. I. Swadery, 169 Wodegrave, Basildon, Essex, SS16 5EL.

qu ex insula Sanctae Helenae caelum requirit stelliarum numerum ordinavit et stelliarum flammigeram reperit. Pandite nunc, Musae, praesentia numina vatam, Scitis enim, nec vos fallit spatiosa vestitus, -Unde Halleyum sidus laetas aciebus urbes, Intremue simul, Luna volat altius illa Flammiferaque trahens spatioso limite crinem Stella micat, natiq; videns benefacta fatetur Esse sua maiora, et vincit gaudet ab illa. Quicumque Halleyum sidus quaerit! Oculis in altum tollite, Illic licebit videre Signum perennis gloriae. Hinc stella, quae solis rotam Vinct decorae lumine, Venisse terra nuntiat Cum carne-terrestri Deum. Tristia olim cometa, Faustumque sitc luminis particeps... Scottua Ignotus, Ex monte Tibidabo, Barcinone. Hinc festo y Felayo, Barcelona-08012 Spain. Searching the heavens from the island of St Helena he regulated the number of the stars and discovered a blazing comet. Unfold for us now, O Muses, that time divine portent -spoken by seers. Since you know and are not deceived by the extensive past. Tell us from what source the star of Halley summoned to it cities filled with joy. And simultaneous trembling expectation. Higher than the moon flies the star

Good accord now

THESE ARE two sorts of people: those to rather small group, I am afraid) who are passionately interested in and concerned about the problems of European integration, and who believe that this is one of the most important issues facing this country; and there is the vast group whose members are instinctively indifferent to an issue which they find both impenetrable and boring. This creates a problem for the first group, because they insist on writing books to spread their enthusiasm, but rarely find that there is a large readership longing to be persuaded that the European issue is fascinating, exciting, important, necessary, and so on.

Christopher Tugendhat has rather more claim than most to the attention of group two; first because he knows what it is like to work on the problems of European integration from the inside—he spent eight years in Brussels as one of the British Commissioners—and second because his unequivocal support for the European idea is expressed in terms which are sound, sensible and pragmatic.

His central judgment would seem to be in three parts: first, that whatever plausibility there may once have seemed to be in the idea that the European Community might one day evolve into a united States of Europe, this has now been revealed as a chimera. There is plenty of need and opportunity for more European co-operation, but it can only be on the basis of the nation states.

Second, he concludes from the long battles over Britain's inequitable high contributions to the Community budget, and consequently from the associated battles over the size of the budget itself, that the idea

of a Community based to a large extent on balanced spending policies as a federalising factor—agriculture, regional policy, the social fund, etc—is also dead; or at least that it cannot be reconsidered until the appalling legacy of over-spending on agriculture has been rectified.

Third, he argues that the universalist principle which was long a central tenet of Community orthodoxy—all member states must take part in all policies—will also have to be discarded. With 12 member states, the Community is now too large and diverse for this principle to remain a rigid rule, so that more flexibility needs to be allowed for. Mr Tugendhat is credited with having coined the concept of "concentric circles": all member states participate in the inner circle of policies (trade, agriculture, competition etc). But there would also be varying clusters of policies, each with different status for different purposes—industrial collaboration, research, monetary policy. This still leaves a great deal of room for further progress. His catalogue of things which badly need doing includes the reform of the farm policy, the completion of the liberalised trading market between the member states, the development of the European Monetary System with a bigger role for the ECU, the strengthening of foreign policy co-ordination, the reinforcing of defence procurement collaboration.

It may not sound a very innovative catalogue; it may even sound a bit like a synthesis of the collective wisdom current among the pragmatic craftsmen of Europe. If so, we should not be surprised: for better or worse, the day of the eschatological blue-print for Europe has passed, and Mr Tugendhat is merely reflecting the fact. But whether his book will create large numbers of converts to the idea that Europe is both fascinating and important, must also to that extent be doubtful. On the other hand, anyone who is seriously interested in Europe will find a book that is full of insights, good sense and interesting judgments.

Ian Davidson

Descent into barbarism

THE HOLOCAUST: THE JEWISH TRAGEDY by Martin Gilbert. Collins, £17.50, 959 pages.

I DO NOT know how to review this book. My professional skills as a historian seize up as I follow the stories of the millions of Jews who died by the ditch-fall and trainload after trainload between 1939 and 1945. The usual categories of analysis shrivel at the spectacle of mothers murdered with their babies, rabbis whose beards have been ripped from their faces and SS thugs trampling the fragile bones of old women. Dov Lewi, a survivor of Birkenau, said to Martin Gilbert, "People who live and think as normal people cannot possibly understand."

What sort of historical evidence are statistics? Carefully recorded with Germanic pedantry as each day's slaughter brought back its bloody haul? Between July and November 1941, Colonel Jaeger, commander of Einsatzgruppe A, just one of many such groups, methodically totted up the columns of lives crushed by the units under his command. In his report dated December 1 1941, he noted that in total Einsatzgruppe A had "shot, clubbed, tortured and gassed to death 200,000 Lithuanian Jews. As Churchill said in a broadcast earlier that year, "we are in the presence of a crime without a name." Since 1941 the crime has gained a name: we call it genocide and in the particular Jewish version Holocaust.

Ordinary categories of historical scholarship do not quite fit this book either. Martin Gilbert has not written yet another history of the Holocaust. There is no serious attempt to analyse or explain. Instead he has erected a gigantic literary monument or memorial tablet on which he has painstakingly and piously inscribed the names of all those who left a name and the numbers and

places of death—of those who have not.

The dust-jacket shows the readers a tombstone on which title and author have been chiselled and there is a diagonal crack running through the stone. Mr Gilbert has put aside the historian's tweeds and put on mourning clothes. Lovingly he has collected the scraps of memory, the bits of buried diaries, the rare and terrible photographs, the official reports and put them into his book of remembrance. "Perhaps someone reading these lines will recall Elsa Spiegel or her orphan son," wrote one survivor.

Perhaps a reader will recall Yakov Grojanowski who threw into a ditch with his own hands the bodies of his sixty relatives, his neighbours and friends in the village of Izbica Kojawska whom the Germans killed as he watched. A whole chapter of Holocaust belongs to the harrowing day-by-day account of his ordeal which he told to the historian of the Warsaw Ghetto, Emanuel Ringelblum, who carefully wrote it down, and buried it so that we might know what human beings have done to other human beings in this our century of progress and modernity. Not all witnesses are Jews. Adolf Eichmann describes Heinrich Himmler retching as he looks into the tangle of shattered and moaning corpses in the pit below.

Himmler retched but went on killing. The Nazi state apparatus dedicated itself with the proverbial Germanic thoroughness and bureaucratic competence to the "Final Solution of the Jewish Question" or, more graphically, as Goebbels put it in 1943, "the more of this filth that is eliminated the better for the security of the Reich." Neat German secretaries typed lists and clerks filed them. An army of engineers, chemists and bureaucrats contributed their anonymous complicity to the faceless sadism of the gas chambers. The book records how the entire apparatus of a modern state

turned into a vast killing machine. Holocaust in spite of its footnotes and references belongs to an older tradition than that of modern historical scholarship: it is a book of remembrance, a memorial and a record, in this it fits into the ancient tradition of the Jewish people whose identity consists in the historic record of their joys and sufferings and their struggles to come to terms with God. That record began in the Bible but continues and breathes in every line of this remarkable work.

I cannot review this book. I can only tell you that it is there and what it contains. It is our duty as human beings, Christian, Jew or Muslim, to read as much as we can stand. Mr Gilbert lets the dead call to us to share their pain. In a sense beyond my power to explain, we have no choice but to do so. We owe it to them.

Jonathan Steinberg
Dr Steinberg is Lecturer in History and a Fellow of Trinity Hall, Cambridge.



CRIME

NIGHT FERRY TO DEATH By Patricia Moyes. Collins £7.50, 182 pages.

FAMILIAR FRIENDS, Chief Superintendent Henry Tibbett and his loyal wife Emmy go to Holland, but their return trip to Harwich on the ferry is unpleasant, first because they can't find a cabin and then because there is a murder among the so-called sleepseeps. The suspects are an interesting hunch, and it is fun to follow Henry and his subordinates along the various trails, some false and some profitable. But the solution requires Henry to be more clairvoyant than a sleuth, and the links between those involved in the crime are more complex than convincing. A near-miss, but still a good read.

WEEKEND FOR MURDER By Marian Babson. Collins, £7.50, 182 pages.

Not so much a thriller as a delightful private-joke for mystery-lovers. An enterprising tour-organiser and an impoverished couple running a country hotel devise a "murder weekend" for fans, a 1930s houseparty straight out of early Christie or Allingham. Murders take place, feigned and really, and a solution is reached. But the real point is the spoof of murders past.

I MET MURDER

WISELY, Elizabeth Ferrars has several regular protagonists to choose from, so her novels never become repetitious. This time, she deals with sensible Virginia Freere and her separated but often present husband, the scallywag Felix. While Felix is recuperating from an accident, a murder takes place, and Felix—who misdeeds are never homicidal—figures out the identity of the guilty party. Sharply observed village setting, tidy plotting, and clean writing, as usual.

DEAD GIVEAWAY by Simon Brett. Gollancz, £7.95, 170 pages.

For someone who is chronically unemployed, the actor Charles Paris seems to find a fair number of jobs; and their

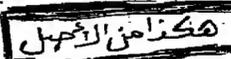
CRIME

amazing variety bears witness to the effervescent invention of Paris's creator, Simon Brett.

In this latest adventure, Dead Giveaway, Paris—and we meet a number of television types, on either side of the camera. The giveaway show setting not only allows the introduction of some supposedly average members of the public but also reveals the depths of greed which even the most average of us can plumb. As usual, there is an abundance of good wisecracks, a neat plot, and a sustained pace. Simon Brett was already armed with these qualities when he sprang on to the crime-fiction scene, as we are reminded by the welcome reprint of *Cast in Order of Disappearance*, the debut novel of Charles Paris. It came out exactly a decade ago; Gollancz have done well to make it once more available.

DEAD GIVEAWAY

William Weaver



Records

Many moods of the tenor sax

THERE IS a strong case for asserting that the tenor saxophone is the most popular instrument in jazz—most popular, that is, with musicians. There are several reasons why. Including the instrument's wide range, enabling the player to create an imposing array of moods and feelings, plus its mobility which facilitates improvisation, the essential core of any jazz performance. Spike Robinson, Don Lanphere and Tommy Smith are merely three of today's multitude of tenor saxophonists. All three have different styles as recent albums from each reveals. Interestingly Robinson has been a spare-time jazzman all his life...

Richard Fairman on the first discography

Just for the record

HOW MANY singers have recorded the song "Yesterday"? A dozen or more, one might think, at the outside. But as one records, one finds another—Blubby Knight and the Rips, Smokey Robinson and the Miracles, the toasty style of the Beckers, a throaty roar from Ray Charles, even the comedian Arthur Mullard—the list starts to seem endless. At present, the total is certainly over 70 and still rising.



Early picture discs from the National Sound Archive collection

Information it can provide about the recordings it holds. In this sense the enterprise complements other activities already afoot. Running a sound archive is as much about keeping up with the present as delving into the past, and the thing which is most likely to impress any visitor is the way new technology here is quickly taken up and assimilated. Only in all, a veritable maze of interests. The National Sound Archive and MCPS will clearly reap the most immediate benefits; but as National Discography builds in strength over the coming years the range of users should spread in like proportion, both here and (possibly) overseas. Nobody doubts that those recordings of "Yesterday" will just go on and on.

Saleroom

Threads of silver and gold

SILVER collectors will gather in London this week for the second annual International Silver and Jewellery Fair and Seminar at the Dorchester Hotel. This year the salerooms will be holding silver auctions around the same time for collectors with spare cash. Phillips is selling on Friday; Sotheby's, rather oddly, the week after the fair, although its offerings will be on view during it.

rooms these days. However, in the same auction, the Hon Edward Stourton is disposing of 20 lots of Stourton silver, complete with crests. Although most silver objects have enjoyed only a modest price rise in recent years there has been a definite swing in taste, reflected in price, towards the ornate rococo and neo-rococo objects, produced originally in England between 1730 and 1770 and copied in Victorian times. This fashion owes much to foreign buying, especially by the Arabs and in particular by the Gulf billionaire, Mohammed al Tayir, who has spent around £2m on silver in the last two years.

Galleries

Brush stroke

THIS WEEK a portrait of Ian Botham by the Scottish artist John Bellamy was unveiled at the National Portrait Gallery. The sporting tradition has been quite as much a glory of national art in Britain as of national life since the 17th century — but then so has the portrait; and whereas the bold rider to hounds or the expert rod or gun has frequently seen himself as a fitting subject for his own and posterity's applause the games-player, it seems, has not.

Cricketing paintings are not rare, but they show cricket as an incident in the landscape and a feature of the outdoor life in a general way, not as a great public spectacle defined by its leading characters in the way field sportsmen have traditionally defined their pursuits, and never as a livelihood. Until this week there was no portrait of a cricketer to be found at all at the National Portrait Gallery, for the only other one remains on extended loan to the MCC at Lords.



John Bellamy's portrait of Ian Botham (above) and W. G. Grace by an unknown artist



William Packer

Radio

A case of identity

RADIO 4's Saturday Feature last week, The Mystery of the Reluctant Storyteller, set out to deduce the particulars of Conan Doyle's life by Holmesian methods from clues hidden in the stories. It was an amusing idea, though Derek Wilson, writer as well as presenter, was unwise to begin with some biographical detail likely to be known to all Holmes addicts—Doyle's dissatisfaction with Holmes's character, his difficulty in killing him off.

of those creepy tales, with gibbous and murders, pagan rituals and horrid scoundrels such as we used to read in books with titles like "Not at Night." But the author, Roger D. Powell, or perhaps the director, Ronald Mason, has added some quasi-intellectual polish. Ishbano, a retired porno photographer, says things like "A long time ago, before the bottle hit and hope became a ghost." He soliloquises a lot, both narration and reflection, and other disembodied voices prod him as he returns to the site of a human sacrifice that he once photographed. But, although his voice was the voice of Robert Stephens and the effect was never more than the raw menace you get in Saturday night television films.

pathetic or plain derisive, egocentric, sentimental, omnipotent. His slight foreign (Georgian) accent distanced him from the rest, from the ignorant, hectoring Zhdanov (Jonathan Adams), the helpless intelligence of Prokofiev (Peter Kelly), the bewilderment of aristakovich (David Bamber). His cruel mockery of the two great composers, designed to prompt them into writing simpler music for the old folks and children who survived after 20m Russians had died in his service, is treated in sundry ways, from the frankly funny (the four-part "folk-cantata") to the savage (the smashing of the records). There is not a dull moment in the play, and Martin Jenkins's production was admirable.

tion of the Bar the series will be interesting and useful. Mr Young began with the tenets that the Bar is self-regarding and jealous of its privilege. This was at once demonstrated when he heard that the Lord Chancellor had forbidden one judge to speak on the programme and that one QC demanded to be rather his clerk had demanded £200 for a 10-minute interview. But as Lord Templeman said, the Bar is buzzing with proposals for change — for the right of access by solicitors in court, for example. The wearing of drag in court, and the exclusivity of barristers' messes, were mostly approved, as demonstrations of the law's impersonal character. There were, we were told, too many barristers practising, there was undoubted discrimination, and some barristers were overworked and underpaid. (The median income of a London barrister after 10 years is £15,750 a year.)

B. A. Young

Solution to Chess No. 604
1 R-K3, K-B4; 2 R-B4, and if 2... K-Q4; 3 Q-K5 mate, or if 2... N moves; 3 QxN(B6) mate. If 1... N(B3) moves; 2 R-K5 or 2 R-N4 mates.

Don Lanphere, whose previous albums for Hep were noted on these pages last April and in April 1964, is a gritty tenorist Robinson, with experience dating back to the legendary trumpeter Fats Navarro plus spells with big bands. So it is a pleasant surprise to find that Don Loves Midge (Hep 2027), dedicated to his wife who loves pretty tunes, consists entirely of ballads. Maybe he lacks that basic, inner emotion and warmth in his tone to be a true balladeer but the album is a total success, if only for its admirable production. No routine chore this. On the opening track, "And the Angels Sing," he is paired with a harpist from a symphony orchestra. "I Remember Clifford" is a duet with regular pianist Marc Seales and elsewhere he is joined by trumpeter Jon Fugate who again makes a strong imprint as an emphatic player of much taste. The two neatly complement each other on "Soon," taken at medium tempo, and in which Lanphere combines plenty of swing with a harder than usual sound. No discomfit to anyone though. Nor is anything on this LP. Don sure loves Midge!

The Royal Opera advertisement for Salome. It features a portrait of Gwyneth Jones and lists the cast: José Van Dam, Helga Dernesch, Robert Tear, and Andrew Davis. The performance dates are February 10, 14, 18, 22, 25, 27 at 8.00pm.

CHRISTIE'S Art Galleries advertisement. It promotes the right place for Miniatures and features Claudia Ellison and Peter Flory. The address is 85 Old Brompton Road, London SW7, with a telephone number of 01-581 7611.

WEEKEND FT

Letter from Leningrad

Sable talk in old St. Petersburg



AS THE TEMPERATURE in Central Leningrad dropped to below minus 20 C last week, 250 fur traders gathered for the Soviet Union's biggest fur auction in Moskovskii Shosse. The protective white coats worn by all gave the gathering a medical flavour, an impression reinforced as the fur experts bent over what look like operating tables to examine the sable, mink, silver fox or karakul.

The star of the video was a shy but poised 20-year-old ash-blond student from Leningrad called Marina who was wrapped in a series of \$75,000 ankle-length sable coats. Mr David Wolfe, Neiman-Marcus senior vice president, himself swathed in a sable coat directed as Marina modelled the coat on a corner of Nevski Prospekt before an audience of perplexed Leningraders.

Back in Leningrad, nobody could think of anything except the cold. Soviet buildings are usually well heated by central boiler systems, but in the antique Astoria Hotel the radiators had fought a feeble battle with the falling tempera-

rock music and sentimental Soviet songs. The other hazard of eating out in the Soviet Union is that, in addition to the band, every restaurant has a table occupied by very drunk men from the southern Republic of Georgia. The five obligatory Georgians in the Astoria restaurant were typical: every few minutes they sprang to their feet, kissed each other and began to accompany the band which, after brief financial negotiations, they had induced to confine its repertoire to songs of the Georgian mountains.

Other Soviet nationalities staying in Leningrad show less savoir faire, but are also keen to socialise. One of a party of Tajiks, from the Republic of Tajikistan on the Chinese border, eager to demonstrate his English, prodded me gently in the upper ribs and said: "Margaret Thatcher. Sherlock Holmes... Scotland Yard." He then retreated, still beaming, back to his group of fellow Tajiks.

effort to improve its entertainment. The Literary Cafe, once famous as the place from which the poet Pushkin set out for his fatal duel, has been reconstructed on the corner of Nevski Prospekt and the Moika Canal. Small chamber orchestras play as customers drink champagne and eat caviar.

The attraction of Leningrad comes from the combination of baroque buildings and the water of the canals. The Neva River, crossed by numerous elegant bridges, Peter the Great, who founded the city in the marshes of the Neva estuary in 1703, originally wanted no bridges at all, on the grounds that this would encourage seamanish among the inhabitants thus compelled to row themselves about. He was dissuaded only by heavy casualties among civil servants when drowned by the score.

The city today is beautiful but melancholy. Since the 900-day siege in the last war, in which 650,000 people died, all old buildings are preserved and, where necessary, reconstructed. The city's appearance is the appearance of an enormous doll's house. Neiman-Marcus are right in seeing its virtues as a film set.

Patrick Cockburn

Private View

Bad language on the box

IT IS uncomfortable to find myself loyally in the corner with Mary Whitehouse, but there are certain words that offend me as they imhale nightly from the television screen. And this despite the fact that I will put up with quite a bit in the name of free speech.

On video nasties, I am well to the left of Anthony Clare. This is, I would rather risk children seeing maybe by chance than have a law telling people what they may or may not electronically publish. I lost that one. The anti-video nasty campaign resulted in legislation giving Britain a statutory board of censors for the first time. Winston Churchill's attempt to extend the Obscene Publications Act to broadcasting shows that, once the moral right is given an inch of censorship, it will try to take a mile.

The Home Secretary, Douglas Hurd, is I think, cynical and cooedeciding to say that common sense suggests there must be a link between television violence and violence in society. He knows the link cannot be found. Yet, as he cannot "do" much of evils that do turn anything about the complex young people in the home, child abuse and mental illness—he has pressed the BBC to "do something" about television violence instead. As a political ploy this might be futile, as it is clear from BBC and IBA research revealed this week that the public is far more bothered about bad language.

Violence on television is always avoidable. I stay away from anything that opens in a New York police station or anywhere in Miami. As for sex on television, I have long agreed with the FT's Christopher Dunkley that there is not enough of it. But dirty language is infuriating. I do not want to sit in my home (a phrase compulsory for all television moralists) and hear words we do not spit as a family unless we do, as I did the other night, a bag of oven chips on top of the broken glass I had yet to sweep up after dropping the salad bowl.

Earlier this month, an unfunny comedy called Hold the Back Stage treated us to all sorts of it. The hero was a newspaperman and we all know they talk that way. The heroine was a lady golfer and she would have to be tough, wouldn't she? It was all before 9 pm, the hour that is supposed to divide the whole nation from the paunch.

Obviously, there is a general opinion among the television-motherly lady, complained on the Right to Reply the other evening, about The Comic Strip. I am admittedly a late-night show and on Channel 4 because it had showed schoolchildren passing their schoolteacher an offensive note, the youngest producer had a ready defence. Obscenity was relative. For him, the Price is Right was far more obscene for making people jump up and down like monkeys over a washing machine.

When did the language barriers come down? Was it about 15 years ago when journalist Peregrine Worsthorne said a "vulgar" word on an early evening programme? Or were they demolished by Channel 4? Broke down by the videos with lyrics that would be shocking if anyone could make them out?

I would like the old decency back. This does not mean bowdlerising documentaries and keeping films like Letter to Brezhnev off television. It does mean banning the form letter classics from family viewing times where they do corrupt children by being passed as wit or realism, and worse, as acceptable speech.

The reason it is so hard to find the link between television violence and human behaviour is that television can never be isolated as the factor that made the difference. There is the barrier of reality between the screen and life. Television happens on the other side, in a bar.

Words cross that barrier, Marshall McLuhan was right, the words in which a message is carried are more powerful than the message itself, because words escape their context. They deliver their own independent meanings into our heads direct. They are the currency of culture. Since they are the sign of failure to find the right word, cheeks us all by putting slugs into circulation.

Brenda Maddox

Trevor Bailey looks on the bright side as David Gower's men fly out A real England challenge

TODAY David Gower's men fly to the Caribbean to face the best cricket team in the world. That is, the reality—more formidable in many ways than the task facing British footballers, Mexico-bound for the World Cup in May. There are key figures, however, who could give England a chance.

subjectly against New Zealand and India. However, the West Indies team would have been outstanding in any era, even if the absence of a good spinner could have proved a serious handicap before the introduction of totally covered pitches.

to draw two of the four Tests. Second, since that debacle of 1984 Graham Gooch and company have been released from their excommunication, much confidence has been acquired from the Indian tour and retaining the Ashes, and the first six in our batting line up are impressive: Gooch, Robinson, Gower, Gatting, Lamb and Botham.

Of the other batsmen, Tim Robinson possesses a splendid technique which enables him to cope successfully with fast bowling by swaying with the short-pitched ones rather than trying to block. As for David Gower, he will find life harder against the West Indies last summer, but he could make plenty of runs, providing he does not flirt so much outside his off-stump.



"He will find life harder"

Mike Gatting could prove another key figure. He has the ability, the determination and now the confidence to survive a bombardment of hostile fast bowling. Alan Lamb simply needs to do as well as he did against the West Indies in 1984 and he is a better player than David Smith is considered by those closest to the game—the umpires—as easily England's

F.T. CROSSWORD PUZZLE No. 5,931

Crossword puzzle grid with numbers 1-29 and some filled-in letters.

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 3DF. Solution next Saturday.

- ACROSS
1 Garment making critics hicker internally? (14)
10 Point on lake exciting fear (3)
11 Four dined out at temporary home made as an experiment (9)
12 Managed in most unusual way to fit cross-piece (7)
13 Consider how to project image (17)
14 Bound to hold right to be tested (5)
16 Regulation one about munitions (9)
19 Lenses set out by guards (9)
20 Headgear church bad to originate (5)
21 Passed on message in short poem about grass (7)
22 Not brought to justice through world body made attempt (7)
27 Introduced by editor of the oment (6)
28 Take a gleeful shot at bird (5)
29 Underworld engagement leading to frustrated hopes (14)

Down crossword puzzle grid with numbers 2-29 and some filled-in letters.

- DOWN
2 Hurried up to get share of story (9)
3 Ships' companies wanted for certain kind of voyage we hear (5)
4 It describes impromptu performance from old-time soldier (9)
5 Getting upset about superiority person's bowler (5)
6 Bird finding husks of corn on island (9)
7 Banish to former French island (5)
8 Undue respect for emblem of authority (7)
9 Oriental exercises in group composition (6)
15 Regular assistance from charwoman (5, 4)

Mr P. J. Camminis, Kenton, Middlesex.
Mr B. C. Gould, Markinch, Fife.
Mr M. Greenhaugh, Douglas, Isle of Man.
Mrs Seamer, Mayibovough, Wiltshire.
Ms V. Tiller, Ashted, Surrey.

SATURDAY

Saturday TV and radio schedule including BBC 1, Channel 4, and various regional programs.

SUNDAY

Sunday TV and radio schedule including BBC 1, Channel 4, and various regional programs.

TELEVISION AND RADIO

Television and radio schedule for Saturday, listing various channels and programs.

TELEVISION AND RADIO

Television and radio schedule for Sunday, listing various channels and programs.

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